UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SENSIENT COLORS INC., Plaintiff, - against - ABBY F. KOHNSTAMM; PETER L. KOHNSTAMM; SARAH F. KOHNSTAMM; ELIZABETH K. OGDEN; RICHARD L. OGDEN; THOMAS H. OGDEN; JOHN DOE INDIVIDUALS 1-20 (fictitious names); and ABC COMPANIES 1-20 (fictitious names), Defendants.	Civil Action No. 07 CIV 7846 **DECLARATION OF MARY M. CHANG**

Mary M. Chang, Esq., hereby declares under penalty of perjury, to the best of her knowledge and based upon the documents available to her, as follows:

1. I am an attorney duly admitted and in good standing to practice before the United States District Court for the Southern District of New York. I am a member of the firm of Bryan Cave LLP ("Bryan Cave"), counsel for Plaintiff, Sensient Colors, Inc. Bryan Cave maintains an office for the practice of law at 1290 Avenue of the Americas, New York, New York 10104. I submit this declaration in opposition to the Defendants' Motion to Dismiss the Amended Complaint.

2. Attached hereto as Exhibit 1 is a true and correct partial copy of a Prospectus/Proxy Statement dated August 8, 1988 and covering letter dated August 9, 1988.

3. Attached hereto as Exhibit 2 is a true and correct copy of the minutes of the meeting held on May 5, 1988 of the Board of Directors of H. Kohnstamm & Company, Inc.

4. Attached hereto as Exhibit 3 is a true and correct copy of handwritten notes of Paul Kenneth Kohnstamm.

5. Attached hereto as Exhibit 4 is a true and correct copy of a transcript of a hearing held before the Honorable Charles A. Little, Justice of the Superior Court of New Jersey, on February 30, 2006, in the action titled Pleasant Gardens Realty Corporation v. H. Kohnstamm & Company, Inc., et al., Docket No. CAM-L-6579-03.

6. Attached hereto as Exhibit 5 is a true and correct copy of the following documents related to redemption of General Color Company shares: letter dated February 15, 1991 from Richard L. Kohnstamm, Bank of New York, Paul L. Kohnstamm and Elizabeth K. Ogden; letter dated February 4, 1991 to Richard L. Kohnstamm, Paul L. Kohnstamm and U.S. Trust Company.

Dated: December 14, 2007

/s/ Mary M. Chang
Mary M. Chang, Esq.

August 9, 1988

H. KOHNSTAMM & CO., INC.

Dear Fellow Shareholder:

You are cordially invited to attend a special meeting of shareholders of H. Kohnstamm & Co., Inc. (the "Company") to be held at The Williams Club, 24 East 39th Street, New York, New York, on Wednesday, September 7, 1988, at 10:30 A.M., local time.

At this meeting, there will be a vote on a proposed reorganization ("Reorganization") pursuant to which, if approved, the Company will become a wholly-owned subsidiary of Universal Foods Corporation ("Universal Foods").

Under the terms of the Reorganization, each outstanding share of Company common stock and each outstanding share of Company preferred stock (except shares as to which shareholders properly exercise dissenters' rights and except as described below) will be converted into shares of Universal Foods Common Stock. Immediately prior to the consummation of the Reorganization, all of the capital stock of General Color Company, a wholly-owned subsidiary of the Company ("General Color"), will be transferred to certain Company shareholders, including Paul L. Kohnstamm, Richard L. Kohnstamm, Paul Kenneth Kohnstamm and Katherine Piven (directors, officers and substantial shareholders of the Company), their spouses, lineal descendants and/or trusts for the benefit of such persons (collectively, the "Kohnstamm Family Shareholders") in a separate tax-free reorganization. The Kohnstamm Family Shareholders will receive fewer shares of Universal Foods Common Stock than they would otherwise be entitled to because of the value of the General Color stock they are receiving. See "The Reorganization - Consideration to be Received by Selling Shareholders" for an example of the effect of the transfer of General Color to the Kohnstamm Family Shareholders upon the number of shares of Universal Foods Common Stock to be received by Company shareholders. Notwithstanding the difference in the form of the consideration, the Company's Board of Directors has determined that each Company shareholder will receive on the effective date of the Reorganization securities of approximately equivalent value. See "The Reorganization - Reasons for the Reorganization and Recommendation of the Company's Board of Directors." Cash will be paid in lieu of issuing any fractional shares of Universal Foods Common Stock.

The Company expects that the transaction with Universal Foods will be treated as a tax-free reorganization for Federal income tax purposes so that the receipt of Universal Foods Common Stock by Company shareholders will not be taxed. However, cash received in lieu of a fractional share or as a result of the exercise of dissenters' rights will constitute taxable income.

Consummation of the Reorganization is subject to several conditions, including approval of the Reorganization by the holders of at least two-thirds (2/3) of the outstanding shares of Company common stock. In addition, the affirmative vote of the holders of a majority of the outstanding shares of Company preferred stock, voting as a class, is required in order to approve the Reorganization. Holders of 70.6% of the Company common stock have already agreed to vote in favor of the Reorganization. The trustee of the Company's pension trust, the holder of all the outstanding Company preferred stock, has also agreed to vote in favor of the Reorganization.

Your vote is important. A failure to vote will have the same effect as a vote against the Reorganization.

THE COMPANY'S BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE REORGANIZATION AND RECOMMENDS THAT COMPANY SHAREHOLDERS VOTE FOR APPROVAL OF THE REORGANIZATION.

To assist you in evaluating the proposed Reorganization, Universal Foods and the Company have prepared the accompanying Prospectus/Proxy Statement.

To assure your representation at the special meeting of Company shareholders, please complete, sign, date and return the enclosed proxy, whether or not you plan to personally attend. Should you desire to revoke your proxy, you may do so at any time before the proxy is voted.

Sincerely,

Paul L. Kohnstamm,
Chairman of the Board

Frank J. Lichtenberger,
President

H. KOHNSTAMM & CO., INC.
161 Avenue of the Americas
New York, New York 10013
(212) 620-4800

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held September 7, 1988

A special meeting ("Special Meeting") of shareholders of H. Kohnstamm & Co., Inc., a New York corporation (the "Company"), will be held at The Williams Club, 24 East 39th Street, New York, New York 10016, on Wednesday, September 7, 1988, at 10:30 A.M., local time, for the following purposes:

(1) To consider and act upon an Agreement and Plan of Reorganization, dated as of December 11, 1987, as amended ("Agreement"), attached to the Prospectus/Proxy Statement as Appendix A. The Agreement provides for a reorganization ("Reorganization") pursuant to which the Company will become a wholly-owned subsidiary of Universal Foods Corporation.

(2) To transact such other business as may properly come before the Special Meeting.

The close of business on July 29, 1988 has been fixed by the Board of Directors of the Company as the record date for determining shareholders entitled to vote at the Special Meeting.

The Special Meeting may be postponed or adjourned from time to time without any notice other than by announcement at the Special Meeting of any postponements or adjournments thereof, and any and all business for which notice is hereby given may be transacted at any such postponed or adjourned Special Meeting.

Company shareholders have the right to dissent from the Reorganization and, if the Reorganization is consummated, to receive payment in cash of the "fair value" of their Company common stock and Company preferred stock upon compliance with the provisions of Section 623 of the New York Busines Corporation Law. In order to perfect this right, a Company shareholder must not vote in favor of the Reorganization and must deliver a written objection to the Reorganization before the vote on the Reorganization is taken. A copy of Section

623 of the New York Business Corporation Law is attached as Appendix C to the Prospectus/Proxy Statement.

We hope that you will be able to attend the Special Meeting in person, but if you are unable to do so, you are urged to complete, date and sign the enclosed proxy, which is solicited by the Company's Board of Directors, and return it promptly in the enclosed return envelope, so that your shares may be voted in accordance with your wishes and in order that the presence of a quorum may be assured. The giving of such proxy does not affect your right to vote in person in the event you attend the Special Meeting.

By Order of the Board of Directors

Daniel Kaufman,
Secretary

August 9, 1988

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON PLEASE COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY.

UNIVERSAL FOODS CORPORATION

Up to 400,000 Shares of Common Stock to be
Issued in connection with a Reorganization with

H. KOHNSTAMM & CO., INC.

INTRODUCTION

This Prospectus and Proxy Statement ("Prospectus/Proxy Statement") relates to shares of Common Stock, $.10 par value, of Universal Foods Corporation, a Wisconsin corporation ("Universal Foods"), to be issued pursuant to an Agreement and Plan of Reorganization, dated as of December 11, 1987, as amended (the "Agreement"), providing for a reorganization ("Reorganization") pursuant to which H. Kohnstamm & Co., Inc., a New York corporation (the "Company"), will become a wholly-owned subsidiary of Universal Foods. This Prospectus/Proxy Statement also serves as a proxy statement for the special meeting of Company shareholders to be held on September 7, 1988, and any adjournments thereof (the "Special Meeting"), relating thereto. A description of the proposed Reorganization is included herein and a copy of the Agreement is attached as Appendix A hereto.

Upon the effective date of the Reorganization, each outstanding share of Company common stock and each outstanding share of Company preferred stock will be exchanged for the number of shares of Universal Foods Common Stock as provided in the Agreement. Immediately prior to the consummation of the Reorganization, all of the capital stock of General Color Company, a wholly-owned subsidiary of the Company ("General Color"), will be transferred to certain Company shareholders, including Paul L. Kohnstamm, Richard L. Kohnstamm, Paul Kenneth Kohnstamm and Katherine Piven (directors, officers and substantial shareholders of the Company), their spouses, lineal descendants and/or trusts for the benefit of such persons (collectively, the "Kohnstamm Family Shareholders") in a separate tax-free reorganization. The Kohnstamm Family Shareholders will receive fewer shares of Universal Foods Common Stock than they would otherwise be entitled to because of the value of the General Color stock they are receiving. Notwithstanding the difference in the form of the consideration, the Company's Board of Directors has determined that each Company shareholder will receive on the effective date of the Reorganization securities of approximately equivalent value. See "The Reorganization - Reasons for the Reorganization and Recommendation of the Company's Board of Directors, Consideration to be Received by Selling Shareholders".

The Reorganization is subject to several conditions, including approval by the holders of at least two-thirds (2/3) of the outstanding shares of Company common stock and approval by the holders of a majority of the outstanding shares of Company preferred stock.

This Prospectus/Proxy Statement does not cover any resales of Universal Foods Common Stock received by Company shareholders upon consummation of the Reorganization, and no person is authorized to make any use of this Prospectus/Proxy Statement in connection with any such resale.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS/PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus/Proxy Statement is August 8, 1988.

H. KOHNSTAMM & CO., INC.
161 Avenue of the Americas
New York, New York 10013
(212) 620-4800

PROXY STATEMENT

This Prospectus/Proxy Statement is being furnished to shareholders of H. Kohnstamm & Co., Inc. (the "Company") in connection with the solicitation on behalf of the Board of Directors of the Company of proxies to be used at the special meeting of Company shareholders (the "Special Meeting") to be held on September 7, 1988, at 10:30 A.M., local time, at The Williams Club, 24 East 39th Street, New York, New York, and at any postponement or adjournment thereof, for the purposes set forth below. The form of proxy to be used in connection with the Special Meeting has been enclosed with the copies of this Prospectus/Proxy Statement sent to Company shareholders.

The purpose of the Special Meeting is to consider and act upon the Agreement and Plan of Reorganization, dated as of December 11, 1987, as amended (the "Agreement"), which provides for a reorganization (the "Reorganization") pursuant to which the Company will become a wholly-owned subsidiary of Universal Foods Corporation, a Wisconsin corporation ("Universal Foods"). The Agreement provides that each outstanding share of Company common stock and each outstanding share of Company preferred stock (except shares as to which shareholders properly exercise dissenters' rights and except as described below) will be converted into the number of shares of Universal Foods Common Stock as determined under the Agreement.

Immediately prior to the consummation of the Reorganization, all of the capital stock of General Color Company, a wholly-owned subsidiary of the Company ("General Color"), will be transferred to certain Company shareholders, including Paul L. Kohnstamm, Richard L. Kohnstamm, Paul Kenneth Kohnstamm and Katherine Piven (directors, officers and substantial shareholders of the Company), their spouses, lineal descendants and/or trusts for the benefit of such persons (collectively, the "Kohnstamm Family Shareholders") in a separate tax-free reorganization (the "Split-Up"). A list of the Kohnstamm Family Shareholders and number of shares of Company common stock held by each is attached hereto as Appendix E. The Kohnstamm Family Shareholders will receive fewer shares of Universal Foods Common Stock than they would otherwise be entitled to because of the value of the General Color stock they are receiving. Prior to the Split-Up, certain assets

of the Company, including its Camden, New Jersey real property, machinery and equipment, its Millville, New Jersey property and the assets comprising its fragrance operations will be transferred to General Color pursuant to the Agreement. Notwithstanding the difference in the form of the consideration, the Company's Board of Directors has determined that each Company shareholder will receive on the effective date of the Reorganization securities of approximately equivalent value. See "The Reorganization - Reasons for the Reorganization and Recommendation of the Company's Board of Directors". Cash will be paid in lieu of issuing any fractional shares of Universal Foods Common Stock. The Agreement is described in this Prospectus/Proxy Statement and a copy of the Agreement is attached hereto as Appendix A. As more fully described in the Prospectus/Proxy Statement, it is anticipated that the Reorganization will be a tax-free transaction for Federal income tax purposes. See "The Reorganization - Certain Federal Income Tax Consequences."

Each Company shareholder of record at the close of business on July 29, 1988 will be entitled to one vote for each share then registered in such shareholder's name. As of that date, there were outstanding and entitled to vote 1,012,292 shares of Company common stock and 2,000 shares of Company preferred stock. A majority of the outstanding Company common stock and a majority of the outstanding Company preferred stock will constitute a quorum for the transaction of business at the Special Meeting.

Approval of the Agreement requires the affirmative vote of holders of at least two-thirds (2/3) of the outstanding shares of Company common stock entitled to vote at the Special Meeting and the affirmative vote of holders of a majority of the outstanding shares of Company preferred stock. Holders of 70.6% of the Company common stock, consisting of directors, executive officers and substantial shareholders of the Company and their affiliates, have already agreed to vote in favor of the Agreement. The trustee of the Company's pension trust, the holder of all the outstanding Company preferred stock, has also agreed to vote in favor of the Agreement. Thus, approval of the Agreement by the Company's shareholders is assured.

Universal Foods will bear the costs of soliciting the proxies from the Company's shareholders. The Company expects to solict proxies primarily by mail. Proxies may also be solicited by the Company's directors, officers and employees by personal interview, telephone or telegram. Such directors, officers and employees will not receive

special compensation for such solicitation but may be reimbursed for out-of-pocket expenses incurred in connection therewith. It is not anticipated that anyone will be specially engaged to solicit proxies.

A Company shareholder giving a proxy may revoke the proxy at any time prior to the exercise thereof by executing and returning a proxy bearing a later date or by filing written notice of such revocation with the Secretary of the Company prior to the voting of such proxy. All properly executed proxies that are not revoked will be voted at the Special Meeting in accordance with the instructions contained therein. Proxies containing no instructions regarding the Agreement will be voted FOR approval of the Agreement in accordance with the recommendation of the Company's Board of Directors. The presence at the Special Meeting of any Company shareholder who has given a proxy shall not revoke such proxy unless the Company shareholder files written notice of such revocation prior to the voting thereof.

The Board of Directors knows of no other matter that will come before the Special Meeting. However, if any other matter is properly brought before the Special Meeting, all proxies will be voted in accordance with the judgment of the persons authorized to vote the proxies.

Copies of this Prospectus/Proxy Statement and the accompanying form of proxy and Notice of Special Meeting of Shareholders will first be mailed on or about August 9, 1988.

SUMMARY

The following is a summary of certain information contained elsewhere or incorporated by reference in this Prospectus/Proxy Statement. This summary is not intended to be complete and is qualified in all respects by reference to the detailed information appearing elsewhere in this Prospectus/Proxy Statement, including the documents incorporated by reference. Certain capitalized terms used in this summary are defined elsewhere in this Prospectus/Proxy Statement.

Universal Foods:	Universal Foods, a Wisconsin corporation whose Common Stock is traded on the New York Stock Exchange and the Pacific Stock Exchange, is engaged (with its subsidiaries) in the manufacture and distribution of specialized food ingredients to food processors, food service providers and consumers. Principal products of Universal Foods include specialty cheeses, fermentation products, dehydrated vegetables, frozen potato products and colors and flavors. Universal Foods' principal executive offices are located at 433 East Michigan Street, Milwaukee, Wisconsin 53202 (telephone: (414) 271-6755).
Company:	H. Kohnstamm & Co., Inc., a New York corporation, is principally engaged (with its subsidiaries) in the manufacture and distribution of colors and pigments for use in the food, drug, cosmetic and plastics industries, inorganic and organic colors for use in inks, paints and other products, and flavors and fragrances for use in the food, beverage and cosmetics industries. The Company's principal executive offices are located at 161 Avenue of the Americas, New York, New York 10013 (telephone: (212) 620-4800).
Reorganization:	Universal Foods, the Company, General Color (a wholly-owned subsidiary of the Company) and certain Company shareholders have entered into an Agreement and Plan of Reorganization, dated as of December 11, 1987, as amended (the

"Agreement"), providing for a reorganization ("Reorganization") pursuant to which the Company is proposed to become a wholly-owned subsidiary of Universal Foods. Under the Agreement each outstanding share of Company common stock and each outstanding share of Company preferred stock (except shares as to which shareholders properly exercise dissenters' rights and except as described below) will be exchanged for a fraction of a share of Universal Foods Common Stock as determined in accordance with the Agreement, based upon the adjusted net worth of the Company on the Closing Date. Cash will be paid in lieu of issuing fractional shares. The Reorganization is conditioned upon, among other things, approval by the holders of at least two-thirds (2/3) of the outstanding shares of Company common stock and by the holders of a majority of the outstanding shares of Company preferred stock. The Reorganization is also subject to other conditions. See "The Reorganization - Terms of the Agreement."

A portion of the Universal Foods Common Stock to be received in the Reorganization will be held in escrow for a period of time. See "The Reorganization - Escrow Agreement."

Exchange Ratio:

The exchange ratio of shares of Company common stock for shares of Universal Foods Common Stock is based on a number of factors, including the consolidated book value of the Company, the average of the daily closing prices of Universal Foods Common Stock as reported on the Composite Transactions Tape of the New York Stock Exchange for the five trading days immediately preceding the fifth trading day preceding the Closing Date (the "Base Period Price") (but not less than $26 per share nor more than $32 per share) and the number of outstanding shares of Company common stock. The

book value of the Company will be calculated by taking the sum of $9,500,000 less $200,000 (the par value of the outstanding Company preferred stock), plus or minus a dollar amount based upon the adjusted book value of the Company on the Closing Date. Also, the book value of the Company will be decreased by an amount based upon certain severance obligations of the Company and certain other expenses incurred by the Company in connection with the negotiation, execution and performance of the Agreement. As a result of the Company's operating losses during its last fiscal year and the expenses being borne by the Company's shareholders (as discussed above), it is anticipated that the aggregate purchase price will be less than $9,500,000. The Kohnstamm Family Shareholders will receive fewer shares of Universal Foods Common Stock than they would otherwise be entitled to because all of the capital stock of General Color will be transferred to them prior to the consummation of the Reorganization.

The exchange ratio of shares of Company preferred stock for shares of Universal Foods Common Stock will be calculated by dividing $100 (the par value of Company preferred stock) by the Base Period Price.

Purpose of the Reorganization:

As a result of the Reorganization, the Company will become a wholly-owned subsidiary of Universal Foods. The Reorganization will strengthen and enhance Universal Foods' competitive position in the colors and flavors business. The Reorganization will provide Company shareholders with an opportunity to obtain a financial interest in Universal Foods through an exchange of stock, and to participate in the potential growth of Universal Foods, and of the Company as part of Universal Foods. In addition, Company shareholders who desire liquidity should be able to dispose of their shares of Universal Foods Common Stock acquired in the Reorganization far more readily

than they would have been able to dispose of Company shares.

Related Party Transactions:

Prior to the Reorganization, certain assets of the Company will be transferred to General Color, and then all of the issued and outstanding shares of General Color will be distributed by the Company pro rata to the Kohnstamm Family Shareholders ("Split-Up"). As a result of the Split-Up, the exchange ratio of shares of Company common stock for shares of Universal Foods Common Stock will be fixed separately for Kohnstamm Family Shareholders and other Company shareholders to take into account the value of General Color being distributed to the Kohnstamm Family Shareholders.

Messrs. Malik, Ettinger, Shevis and Lichtenberger (present or retired directors and/or officers of the Company) have written agreements with the Company which provide for payments and other benefits upon termination of employment. Universal Foods will not assume these agreements as part of the Reorganization. The Company will arrange a lump sum payment to such individuals in exchange for which they each will release the Company from these agreements.

As part of the Reorganization, Universal Foods will continue the employment agreements between the Company and Messrs. Kaufman and Broderick, respectively, and the supplemental pension agreement between the Company and Dr. Zuckerman.

Pursuant to the Agreement, the Company will grant to Paul L. Kohnstamm and General Color an exclusive license to use certain trademarks of the Company (including "Atlas," "H. Kohnstamm & Co., Inc. & Design," "Kohnstamm" and "Hercules") in the United States for industrial pigments and food colors for use in the plastics industry and fragrance products.

At the Closing, Universal Foods and General Color will enter into a supply contract pursuant to which General Color will supply Universal Foods with certain colors for use in the food, drug and cosmetic industries.

It is presently intended that Paul L. Kohnstamm will be nominated to the Board of Directors of Universal Foods.

Operation of Company after Reorganization:

Following the Reorganization, Universal Foods intends to conduct the business of the Company as a separate subsidiary of Universal Foods, with its principal office located at 2526 Baldwin Street, St. Louis, Missouri.

Approval of Board of Directors:

The Board of Directors of Universal Foods unanimously approved the Agreement and the Reorganization.

The Board of Directors of the Company unanimously approved the Agreement and the Reorganization. In deciding to approve the Reorganization, the Board of Directors of the Company considered conflicts inherent in the Reorganization, such as the Split-Up of General Color, the License Agreement between the Company and General Color and Paul L. Kohnstamm and certain employment agreements which will be assumed by Universal Foods as part of the Reorganization. See "The Reorganization - Reasons for the Reorganization and Recommendation of the Company's Board of Directors", "The Reorganization - Interests of Management in the Reorganization" and "Certain Related Party Transactions".

Conditions to the Reorganization:

In addition to the requisite approval by Company shareholders, there are other conditions to the obligations of the parties to consummate the Reorganization. These conditions may be waived or modified, or the Agreement may be terminated, whether before or after the Agreement is approved by Company shareholders. See

	including filing a written objection to the Reorganization with the Company at or prior to the Special Meeting. If holders of more than 0.25% of the shares of Company common stock exercise their rights to dissent, the Reorganization may be abandoned in favor of a direct exchange of stock by Universal Foods to Company shareholders (unless such condition is waived by the Company). No right to dissent will exist in the event of such exchange offer and any Company shareholder not desiring to exchange his shares will remain as a holder of Company securities. See "The Reorganization - Rights of Dissenting Shareholders."
Accounting Treatment:	Universal Foods intends to treat the Reorganization as a purchase for accounting purposes. See "The Reorganization - Accounting Treatment."
New York Stock Exchange and Pacific Stock Exchange Listing:	Universal Foods Common Stock is traded on the New York Stock Exchange and the Pacific Stock Exchange. Universal Foods has agreed to use diligent efforts to cause the Universal Foods Common Stock to be issued in connection with the Reorganization to be approved for listing on the New York Stock Exchange and the Pacific Stock Exchange, subject to official notice of issuance and the effectiveness of this Registration Statement, on or prior to the closing of the transactions contemplated by the Agreement.
The Special Meeting:	The Special Meeting will be held at The Williams Club, 24 East 39th Street, New York, New York at 10:30 A.M., local time, on September 7, 1988. The close of business on July 29, 1988 is the record date for determining the holders of record of Company stock entitled to notice of and to vote at the Special Meeting and any postponement or adjournments thereof. The purpose of the Special Meeting is to consider and act upon the Agreement and the transactions contemplated thereby.

Vote Required:	Section 913 of the New York Business Corporation Law requires that the Agreement be approved by the holders of two-thirds (2/3) of the outstanding shares of Company common stock. In addition, Section 913 requires that the Agreement be approved by a majority of the outstanding shares of Company preferred stock. Holders of 70.6% of the Company common stock, consisting of directors, executive officers and substantial shareholders and their affiliates, have already agreed to vote in favor of the Agreement. The trustee of the Company's pension trust, the holder of all the outstanding Company preferred stock, has also agreed to vote in favor of the Agreement. Thus, the Company is assured of a sufficient number of votes to approve the Agreement.
Effective Date of the Reorganization:	It is contemplated that the Reorganization will be consummated as soon as practicable after the approval of the Agreement by the Company shareholders and the satisfaction or waiver of various conditions. The Reorganization will be consummated by the filing of a Certificate of Exchange with the New York Department of State. It is presently contemplated that the effective date of the Reorganization will be on or about September 9, 1988.
Recommendation:	The Board of Directors of the Company has unanimously approved the Agreement and recommends that Company shareholders vote FOR the Agreement.
Market Prices:	Universal Foods Common Stock is listed on the New York Stock Exchange and the Pacific Stock Exchange. The table below shows the high and low sales prices for Universal Foods Common Stock on the New York Stock Exchange Composite Tape. If the Reorganization had been consummated on July 22, 1988, each share of Company common stock would have been converted into .19 shares of Universal Foods Common

Stock based on the assumption that there is no Split-Up and all Company shareholders receive only shares of Universal Foods Common Stock. The table also shows the high and low values of .19 shares of Universal Foods Common Stock during the periods indicated, determined by multiplying .19 by the reported high and low sales prices of Universal Foods Common Stock during such periods. The Pro Forma Condensed Consolidated Financial Statements included herein were prepared assuming each share of Company common stock will be converted into .19 shares of Universal Foods Common Stock. This conversion ratio will not necessarily apply on the Closing Date. See "The Reorganization - Consideration to be Received by Selling Shareholders".

All prices of Universal Foods Common Stock have been adjusted for a three-for-two stock split effected in the form of a stock distribution by the issuance of three shares of Common Stock for every two shares outstanding on July 18, 1986.

Fiscal Years Ending September 30	Universal Foods			
	1 Share		.19 of a Share	
	High	Low	High	Low
1986	$27 1/4	$16 7/8	$5 1/8	$3 1/4
1987	31	22 1/4	5 7/8	4 3/8
1988 (through June 30, 1988)	34 5/8	21	6 5/8	4

On December 11, 1987, the last full trading day immediately prior to the public announcement of the Agreement, the closing price of Universal Foods Common Stock on the New York Stock Exchange Composite Tape was $23.

While there are limited or sporadic quotations of Company common stock in the over-the-counter-market, there is no established public trading market for Company common stock. From time to time the Company's Secretary has facilitated transactions in Company common stock by

referring interested buyers and sellers to each other. While the Company's Secretary has not always been aware of the prices agreed upon, transactions in Company common stock have been reported to the Secretary at prices of approximately $3.00 to $4.50 during fiscal 1986 and $3.00 to $4.50 during fiscal 1987. The Company's Secretary is not aware of the sales prices in any transactions in Company common stock immediately prior to the date of this Prospectus/Proxy Statement. See "Certain Information About Universal Foods and the Company - Comparative Market Prices."

THE REORGANIZATION

Universal Foods, the Company, General Color and certain Company shareholders (the "Selling Shareholders") executed the Agreement on December 11, 1987. A copy of the Agreement is attached as Appendix A to this Prospectus/Proxy Statement. See "The Reorganization - Terms of the Agreement" for a description of certain provisions of the Agreement.

Background of Transaction.

During the past several years it has become evident to the Company's Board of Directors that the Company has been experiencing serious difficulties in its largest division, the food color division, as a result of increased foreign competition and increased competition with larger American companies that are able to produce competitive products at lower costs. As a result of these operating difficulties, the Company has been forced to utilize earnings from its other divisions and other capital resources to cover losses in the food color division. In addition, the Company's lending banks have forced the Company to restructure its debt from term loans to demand loans and have requested payment of the outstanding balances. The Board of Directors believes that the future growth of the Company's color and flavor operations will require significant capital investment and major additional personnel changes in the near future. The Company's Board of Directors also believes that it is in the best interests of shareholders if their investment in the Company is made more liquid by the exchange of their shares for either cash or publicly-traded securities. For these reasons, the Board of Directors has concluded that it would be in the best interests of shareholders to sell the Company, and during the past year management has explored a number of possible transactions for the purchase of all or a portion of the Company's assets or stock.

During the Fall of 1985, the Company explored the possibility of entering into a transaction for the sale of substantially all of its assets to Universal Foods. Negotiations at that time were terminated because the parties were unable to agree on certain key aspects of the transaction.

In April 1987, the Company sold all of the assets comprising its industrial and institutional division, which manufactured and distributed commercial laundry products, to Ecolab Inc. The proceeds of the sale were used to reduce bank debt and to provide working capital. After the sale of these assets, the Company continued to seek a purchaser of all or a portion of the Company's remaining assets.

should be sold, the Board of Directors adopted the Agreement, subject to the requisite vote of Company shareholders.

The transaction with Universal Foods is being structured as a tax-free reorganization, which will allow Company shareholders to retain their investment without immediate tax consequences (see "The Reorganization - Certain Federal Income Tax Consequences"). Shareholders of the Company (other than Kohnstamm Family Shareholders) who desire liquidity should be able to dispose of the shares of Universal Foods Common Stock acquired in the Reorganization far more readily than they would have been able to dispose of Company shares in the limited trading market that now exists for shares of Company common stock.

Treatment of General Color. Prior to the consummation of the Reorganization, all of the issued and outstanding shares of General Color will be distributed by the Company pro rata to the Kohnstamm Family Shareholders. The Board of Directors considered structuring the transaction so that there could be a "spin-off" of General Color pro rata to all holders of Company common stock. If the transaction had been so structured, each holder of Company common stock would have received a pro rata portion of the Universal Foods Common Stock and a pro rata portion of the General Color stock. However, the Board of Directors ultimately determined that it is in the best interests of Company shareholders to "split-up" General Color so that its shares of common stock are distributed solely to Kohnstamm Family Shareholders. The reasons for the decision to structure the distribution of General Color as a split-up to the Kohnstamm Family Shareholders included: a spin-off of General Color shares to all shareholders would have required an effective registration statement with the Securities and Exchange Commission covering shares of General Color, an expensive and time-consuming process which is avoided by distributing the General Color shares only to the Kohnstamm Family Shareholders; it may be necessary for principal shareholders of General Color to guarantee bank loans required by General Color, and management believes it more appropriate if General Color is owned entirely by the principal shareholders of the Company and their families because of this financial exposure; in general, a company the size of General Color should not be required to bear the expenses required of maintaining approximately 275 shareholders and the expenses that will be saved by reducing the number of shareholders to approximately 20 will be substantial.

An independent committee (the "Independent Committee") of the Company's Board of Directors, consisting of Daniel Kaufman, Frank J. Lichtenberger and William Shevis, Vice President of the Company, acting ex officio, was appointed

to recommend to the entire Board of Directors the fair value of General Color in order to determine the number of additional shares of Universal Foods Common Stock that should be distributed to the holders of Company common stock who will not be receiving General Color common stock. In determining the fair value of General Color, the Independent Committee considered the following factors, among others: the earnings history and future prospects of the industrial pigment operations conducted by General Color; the earnings history and future prospects of the color operations conducted by the Company at its Camden, New Jersey facility, with due consideration given to the Supply Contract (see "The Reorganization - Supply Contract"), the covenant not to compete of the selling shareholders who will control General Color (see "Terms of the Agreement - Noncompetition Agreements") and the uses of the facility when the Supply Contract terminates; the book value and insurance appraisal value of the assets to be transferred to General Color pursuant to the Agreement; and the possible impact of the New Jersey Environmental Clean-up Responsibility Act ("ECRA") which requires the clean-up of chemical facilities before they may be transferred or closed.

In considering the Supply Contract, and its impact on the fair value of the Camden property, plant and equipment, the Independent Committee considered the following factors: the increases in production required to obtain the maximum revenues available under the Supply Contract; the substantial change in the mix of products required under the Supply Contract as compared to historical production; the possible adverse effects of changes in raw material and other costs; the possible uses for the color manufacturing equipment in light of General Color's principal shareholders' covenant not to compete in the color business with Universal Foods; the possible products that could be produced at the Camden facility which would not violate the covenant not to compete; and the possible revenues and income (loss) which would be earned at the Camden facility. It is possible that General Color will realize income under the Supply Contract if production schedules are met and raw materials and manufacturing costs do not increase materially. However, there can be no assurance that any such income will be earned or that the Camden facility will not operate at a loss.

In considering the impact of ECRA, the Independent Committee noted that the Camden facility would be subject to the required clean-up if it ceased to operate as a manufacturing facility or it was transferred or sold. The Independent Committee considered other possible uses of the property in light of its industrial location in Camden and the nature of its surrounding environment.

The Independent Committee noted that under the Agreement, Universal Foods had agreed to purchase all of the Company, other than General Color, for $9,500,000, subject to certain adjustments. This price was based on the assumption that the book value of the Company, other than General Color, was $8,300,000 and that its fair value was $1,200,000 above its book value, or $9,500,000. The Independent Committee, accordingly, was of the opinion that General Color should be valued at its book value plus a premium above such book value.

Based on its evaluation of the foregoing factors, the Independent Committee recommended to the Board that the fair value of General Color be deemed to be (i) its book value at the Closing, including the book value of all of the assets transferred to General Color pursuant to the Agreement, but excluding the book value of the Camden property, plant and equipment, plus (ii) a premium of $300,000.

The recommendation not to include any value for the Camden property, plant and equipment was based on a number of factors. The Independent Committee noted the fact that Universal Foods refused to acquire these assets even though the book value of these assets was included in determining the consideration paid by Universal Foods to all of the Company's selling shareholders. The Company would have transferred the Camden facility to Universal Foods pursuant to the Reorganization if Universal Foods had desired to acquire it without any changes in the purchase price or other terms of the Reorganization Agreement. Universal Foods decided not to acquire these assets because of its concern over contingent liabilities that might be asserted against the owner of the Camden facility, including environmental claims that might arise under ECRA. The Independent Committee noted the uncertainty of General Color realizing any income during the term of the Supply Contract and that after the expiration of the Supply Contract, the Camden facility will be subject to a covenant not to compete which will prohibit it from being used for the manufacture of regulated colors for use in the food, drug and cosmetic industries, which is its primary use at this time. The Independent Committee also noted the uncertainty involved in using the Camden facility to manufacture other products. Based upon all of the foregoing factors, the Independent Committee recommended not to include any value for the Camden property, plant and equipment in the fair value of General Color for purposes of the Agreement. The book value of the Camden property, plant and equipment on April 30, 1988 was approximately $2,700,000, which

represented approximately 18% of the Company's total assets and approximately 28% of the Company's shareholders' equity as of that date.

The Board of Directors unanimously agreed with the recommendation of the Independent Committee for the value of General Color.

NO ASSURANCES CAN BE GIVEN AS TO THE VALUE OF GENERAL COLOR OR THE GENERAL COLOR STOCK TO BE ISSUED IN THE SPLIT-UP, AND IT IS POSSIBLE THAT THE FUTURE VALUE OF GENERAL COLOR MAY BE MORE OR LESS THAN THE VALUE PLACED ON IT BY THE INDEPENDENT COMMITTEE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH COMPANY SHAREHOLDER SHOULD CONSIDER WHETHER AND TO WHAT EXTENT THE VALUE OF GENERAL COLOR MAY BE IMPACTED BY THE FOLLOWING FACTORS, AMONG OTHERS: (1) THE INDEPENDENT COMMITTEE'S CONCLUSION THAT THE CAMDEN PLANT AND RELATED ASSETS SHOULD NOT BE INCLUDED IN THE BOOK VALUE OF GENERAL COLOR FOR THE PURPOSE OF DETERMINING ITS FAIR VALUE NOTWITHSTANDING THE FACT THAT SUCH PLANT AND ASSETS HAD A SUBSTANTIAL BOOK VALUE ON THE COMPANY'S BOOKS, (2) THE EXISTENCE AND TERMS OF THE SUPPLY CONTRACT (WHICH SHOULD PRODUCE REVENUES FOR GENERAL COLOR FOR AT LEAST 18 MONTHS AND WHICH MIGHT GENERATE NET INCOME FOR GENERAL COLOR), (3) ALTERNATIVE USES FOR THE CAMDEN PLANT AT SUCH TIME, IF EVER, THAT GENERAL COLOR CEASES MANUFACTURING OPERATIONS AT THIS FACILITY AND (4) THE POSSIBILITY THAT ANY POTENTIAL ECRA LIABILITY CAN BE POSTPONED TO A DATE RELATIVELY FAR IN THE FUTURE OR INDEFINITELY.

Reasons for the Reorganization: Universal Foods Board of Directors

In reaching its decision to approve the Agreement, the Universal Foods Board of Directors received presentations from, and reviewed the terms and conditions of the transactions contemplated by the Agreement with, Universal Foods' management and counsel.

The Universal Foods Board of Directors considered, among other factors deemed relevant by them, the financial condition, assets, liabilities, businesses and operations of Universal Foods and the Company on both a historical and a prospective basis, including certain information reflecting the two companies on a pro forma combined basis; their recent trends and prospects; and the historical value of Universal Foods Common Stock and Company common stock.

The Universal Foods Board of Directors believes that the Reorganization furthers Universal Foods' commitment to continued expansion and diversification through internal

Total Amount to be Distributed to Shareholders Exchanging Common Stock of the Company

Contract Purchase Price		$9,500,000
Less:		
Adjustment for Book Value of Less than $8,000,000 ($8,000,000-$6,138,000)	$ 1,862,000	
Selling and Severance Expenses	1,181,000	(3,043,000)
		6,457,000
Preferred Stock		(200,000)
TOTAL		$6,257,000

Fair Value of General Color

Book Value	$3,659,000
Premium	300,000
	$3,959,000

Consideration Received by Selling Shareholders

	Kohnstamm Family Shareholders as a Group	Minority Shareholders as a Group	Total
Number of shares of Company common stock held	809,221	203,071	1,012,292
Percentage Ownership	79.9%	20.1%	100%
Value Received			
Value of Universal Foods Shares of Common Stock	$4,207,618	$2,049,382	$ 6,257,000

Fair Value of General Color Shares of Common Stock*	3,959,000	-0-	3,959,000
Total of Value Received	$8,166,618	$2,049,382	$10,216,000
Percentage of Value Received	79.9%	20.1%	100%
Per Share	$5.20 in Universal Foods Common Stock $4.89 in General Color Common Stock*	$10.09 in Universal Foods Common Stock	

* The value of General Color is as determined by the Independent Committee and approved by the Company's Board of Directors. See "The Reorganization - Reasons for the Reorganization and Recommendation of the Company's Board of Directors" for a more complete discussion of the methodology used and the factors considered by the Independent Committee in making this determination.

Assuming that the Base Period Price for Universal Foods Common Stock is $32 per share, each Kohnstamm Family Shareholder will receive .162 shares of Universal Foods Common Stock for each share of Company common stock owned prior to the Split-Up; and each Minority Shareholder will receive .315 shares of Universal Foods Common Stock for each share of Company common stock owned at the Closing. Twenty-five percent of the Universal Foods Common Stock received by each selling shareholder is subject to the Escrow Agreement. See "The Reorganization - Escrow Agreement."

Each Kohnstamm Family Shareholder will receive one-tenth of one share of General Color stock for each share of Company common stock held at the time of the Split-Up.

Terms of the Agreement

The following description of the Agreement is only a summary and does not purport to be complete, and is qualified in its entirety by reference to the Agreement, a copy

The obligations of the Company and the Selling Shareholders to effect the Reorganization are subject to various additional conditions, including: (1) the accuracy of the representations and warranties of Universal Foods made in the Agreement and the performance of the covenants of Universal Foods contained in the Agreement; and (2) the receipt of a satisfactory legal opinion and certificates of officers of Universal Foods.

Each of these conditions may be waived by the party or parties for whose benefit the condition has been included in the Agreement.

Covenants. In the Agreement Universal Foods, on the one hand, and the Company and the Selling Shareholders, on the other hand, made various covenants and agreements concerning the transaction, including the following: (1) to keep confidential information received in connection with the transactions contemplated by the Agreement; (2) to provide all necessary information to the other parties in order to comply with applicable antitrust laws; (3) to enter into a licensing agreement with respect to certain Company trademarks, including the "Kohnstamm" trademark; and (4) to execute a supply contract (the "Supply Contract") relating to colors for use in foods, drugs and cosmetics.

Universal Foods made various additional covenants and agreements, including: (1) a commitment to honor the employment agreements with Messrs. Kaufman and Broderick and the supplemental pension agreement with Dr. Zuckerman (present and retired officers and/or directors of the Company); (2) after the Closing, to make limited severance payments to certain employees of the Company, including employees whose employment is terminated within twenty-five (25) months after the Closing (thirteen (13) months after the Closing for employees at the Company's Kearny, New Jersey plant); and (3) to cause Universal Foods Common Stock issuable pursuant to the Reorganization to be authorized for listing on the New York Stock Exchange and the Pacific Stock Exchange, subject to official notice of issuance.

The Company and the Selling Shareholders made various additional covenants and agreements, including, (1) in general, to operate the Company's business, pending Closing, in the ordinary course; (2) to provide Universal Foods full access to the books, records, contracts and other documents of the Company; (3) not to make any changes in the outstanding capital stock of the Company, except as contemplated

by the Agreement; (4) not to make material capital expenditures; (5) to obtain clearance for the transactions contemplated by the Agreement from the New Jersey Department of Environmental Protection under ECRA; (6) to provide Universal Foods with appropriate releases in connection with employment agreements not assumed by Universal Foods and to indemnify Universal Foods against loss, damage or expense with respect to any such agreement; and (7) to furnish to Universal Foods an opinion of legal counsel as to the identity of those persons deemed to be affiliates of the Company.

Termination of the Agreement. The Agreement may be terminated and abandoned on or prior to the Closing (i) by mutual consent of all parties thereto; (ii) by Universal Foods if the conditions to its obligations have not been satisfied or waived; (iii) by the Company or the Selling Shareholders if the conditions to their obligations have not been satisfied or waived; or (iv) by Universal Foods, on the one hand, or the Company or the Selling Shareholders, on the other hand, if the Closing has not occurred by September 15, 1988.

In addition, Universal Foods and the Company and the Selling Shareholders each have the right to cancel the Agreement upon written notice to the other in the event the average closing price for Universal Foods Common Stock as reported on the Composite Transactions Tape of the NYSE for any successive ten (10) trading days prior to the Closing Date is less than $22 per share. As of the date of this Prospectus/Proxy Statement, the market price for Universal Foods Common Stock has been in excess of $22 per share and, therefore, no party has a right presently to terminate the Agreement on this basis.

No Negotiations. In the Agreement the Company and the Selling Shareholders agreed that they would not, directly or indirectly, solicit, initiate or encourage the submission of any proposal or offer from any person or entity relating to any liquidation, dissolution or recapitalization of, merger or consolidation with or into, or acquisition or purchase of assets of or of any equity interest in (except as permitted under the Agreement), the Company or any of its subsidiaries, or participate in any discussions or negotiations regarding the foregoing.

Noncompetition Agreements. In the Agreement certain of the Selling Shareholders (Paul L. Kohnstamm, Richard Kohnstamm, Paul Kenneth Kohnstamm and Katherine Piven) each agreed that for a period of five (5) years from the Closing, neither such shareholder, nor any of such shareholder's affiliates would (i) directly or indirectly engage in, continue in or

Company common stock surrendered, provided the Company common stock is held as a capital asset.

(d) Upon payment of cash to a Company shareholder in lieu of a fractional share of Universal Foods Common Stock, gain or loss will be recognized by such shareholder measured by the difference between the amount of cash received and the allocated basis of the fractional share.

The foregoing is only a general description of certain Federal income tax consequences of the Reorganization and Split-Up without consideration of the facts and circumstances of each shareholder's particular situation. Each shareholder is urged to consult with his tax and financial advisors as to the tax consequences to him of the Reorganization and Split-Up, including any state or local tax consequences.

Holding Period for Certain Shareholders; Appointment of Attorneys-in-Fact

In order to preserve the tax-free nature of the exchange of shares contemplated by the Agreement and the tax-free nature of the distribution of General Color shares to Kohnstamm Family Shareholders, Kohnstamm Family Shareholders will agree not to sell their shares of Universal Foods Common Stock or General Color common stock for a period of at least one (1) year from the Closing Date. Certain Kohnstamm Family Shareholders have executed the Shareholders Agreement annexed hereto as Appendix B. All other Kohnstamm Family Shareholders who approve the Agreement will irrevocably appoint Paul L. Kohnstamm, Paul Kenneth Kohnstamm and Robert L. Davidson (the "Attorneys-in-Fact") as attorneys-in-fact with full power of substitution to execute on behalf of each Kohnstamm Family Shareholder the Shareholders Agreement and any other documents or certificates required pursuant to the Shareholders Agreement. The appointment of the Attorneys-in-Fact will not be revocable by any Kohnstamm Family Shareholder in any manner for any reason. The power of attorney is a durable power of attorney and will continue in full force and effect notwithstanding the death, disability or incapacity of a Kohnstamm Family Shareholder after such person has approved the Agreement.

H. KOHNSTAMM & CO., INC.
NEW YORK

DATE September 29, 1988 STENOG. AR

MEMO TO: JAMES J. BRODERICK
THOMAS C. DABOVICH
ROBERT L. DAVIDSON
DANIEL KAUFMAN
PAUL KENNETH KOHNSTAMM
PAUL L. KOHNSTAMM
RICHARD L. KOHNSTAMM
FRANK J. LICHTENBERGER
WARREN C. MALIK
KATHERINE K. PIVEN

FROM: DANIEL KAUFMAN

SUBJECT: MINUTES OF THE BOARD OF DIRECTORS MEETING HELD ON MAY 5, 1988.

Enclosed you will find the minutes of the Board of Directors Meeting held last May 5, 1988.

You should recall that Bob Davidson held up distribution of these minutes pending the actual closing with Universal Foods so that certain open items could be addressed, particularly as set forth in Attachments #2 and #3.

Please dispose of any copies you may have of the General Color Evaluation Report other than the copy annexed to these minutes. There are several early drafts that are slightly inconsistent with the final product.

I trust you will find these in order.

Daniel Kaufman
Secretary

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ENC.

Minutes of a meeting of the Board of Directors of H. KOHNSTAMM & CO., INC., held at the offices of Wolf Haldenstein Adler Freeman & Herz, 270 Madison Avenue, New York, New York on the 5th day of May, 1988 at 10:00 A.M.

Mr. Paul L. Kohnstamm, Chairman of the Board, called the meeting to order and presided.

Mr. Daniel Kaufman, Secretary, kept the minutes of the meeting.

The following directors were present in person, or as indicated below were present by means of conference telephone which allowed all persons participating in the meeting to hear each other at the same time:

JAMES J. BRODERICK
THOMAS C. DABOVICH
ROBERT L. DAVIDSON
DANIEL KAUFMAN
PAUL KENNETH KOHNSTAMM
PAUL L. KOHNSTAMM
RICHARD KOHNSTAMM
FRANK J. LICHTENBERGER (by conference telephone)
WARREN C. MALIK
KATHERINE K. PIVEN

constituting all of the Board of Directors.

Mr. William Shevis, Vice President of the Company, was present by invitation.

The reading of the minutes of the meetings held on September 16, 1987, November 17, 1987 and December 11, 1987 was dispensed with, such minutes being approved as they appeared in copies thereof previously distributed to the Directors.

A discussion was had concerning the Report of the Independent Committee of the Board consisting of Frank Lichtenberger, Daniel Kaufman and William Shevis, ex officio, concerning the valuation to be given General Color Company for the purposes of the Reorganization Agreement with Universal Foods Corp. Mr. Shevis summarized the Report for the members of the Board, including the financial materials distributed with the Report. Mr. Shevis noted that the recommendation of the Independent Committee was that General Color be valued at an amount equal to the book value of all assets owned by it and transferred to it by the Company at the Closing of the Reorganization Agreement, excluding the book value of the Camden property, plant and equipment, plus a premium of $300,000. Mr. Kaufman discussed regulatory requirements of General Color relating to OSHA and the cadmium industry in general. Mr. Lichtenberger discussed the relocation of certain operations to Camden after the Supply Contract with Universal Foods terminates. The probable cost involved in the demolition of the CMC Building at Camden was reviewed. General Color's insurance requirements as they relate to product liability and plant closings were reviewed. The pro forma financial statements of General Color and its working capital requirements as a "stand alone" company following the Closing with Universal Foods were considered. Mr. Davidson discussed whether the Independent Committee had followed proper procedures and whether the proposed valuation was developed in a manner that would probably satisfy the Securities and Exchange Commission when it reviewed

the Proxy/Registration Statement. Mr. Shevis noted his conclusion that General Color Company would require $500,000 in working capital in addition to the $250,000 advance that Universal Foods would pay at the closing.

On motion duly made, seconded and unanimously carried, the following resolutions were adopted:

> RESOLVED, that the Report of the Independent Committee of the Board, a copy of which is annexed hereto as Attachment No. 1, which recommends that the value of General Color for the purposes of the Reorganization Agreement with Universal Foods be an amount equal to the book value of its assets at the time of Closing, including all assets transferred to it by the Company at the Closing, but excluding the book value of the Camden property, plant and equipment transferred to General Color, plus a premium of $300,000, is hereby ratified, approved and adopted;
>
> RESOLVED, that the Company shall transfer to General Color prior to the Closing of the Reorganization Agreeement with Universal Foods the sum of $500,000 in cash for purposes of working capital, provided, however, that the amount of working capital will be reduced on a dollar for dollar basis by the amount of any loans that principal shareholders of General Color are able to arrange for General Color and which are evidenced by the actual availability of funds or firm bank commitments without contingencies for the lending of such funds promptly after the Closing.

A discussion was had concerning the management structure of General Color. Frank Lichtenberger noted that he was willing to serve as General Manager of General Color for six months for compensation of $10,000 per month and was thereafter willing to

remain as a consultant to General Color for an additional six months on terms to be agreed. It was noted that his duties should include the development of a long range plan for the use of the Camden facility after the Supply Contract between General Color and Universal Foods terminates and to locate a person to succeed him as CEO at General Color, subject to the approval of the Board of Directors of General Color. It was agreed that Mr. Paul Kohnstamm, as principal shareholder of General Color and Frank Lichtenberger were to negotiate the specific terms of Mr. Lichtenberger's employment and consulting agreement with General Color, with the assistance of Messrs. Davidson, Dabovich, Malik and Kaufman.

Mr. Shevis reviewed the report on results of the first quarter of fiscal 1987-1988 and the projections of results of the second quarter of the fiscal year.

Mr. Davidson and Mr. Dabovich delivered the recommendations of the Compensation Committee. The Committee recommended that William Shevis be granted a raise of $8,000 per annum, retroactive to January 1, 1988, pursuant to a prior commitment made to Mr. Shevis by Company management. The Committee noted that all other officers of the Company, except Mr. Kaufman and Mr. Paul Kohnstamm, had contracts or arrangements which provided for appropriate raises in salary. The Committee noted that any increases granted at this time must be disclosed in the Proxy to shareholders, and that in light of the Company's fiscal performance in 1987 any such increases, other than for Mr. Shevis,

would be inappropriate. The Committee did recommend that Mr. Davidson informally advise Universal Foods that Daniel Kaufman should be considered for a raise of approximately $8,000 per annum after the Closing based on his prior performance for the Company and the need that Universal Foods will have for his services.

The Board discussed miscellaneous matters arising under the Reorganization Agreement with Universal Foods, including the creation of an escrow expense fund, the Company's commitment to pay health and life insurance for life for retired executive officers, continuation of the Company's directors and officers liability policy, the settlement of long term contractual arrangements with officers and the status of the split dollar policies currently held by key executive officers, and certain other matters arising under the Reorganization Agreement.

On motion duly made, seconded and unanimously carried, the following resolutions were adopted:

> RESOLVED, that no funds will be committed at this time for the expenses of the agents of the shareholders appointed under the Reorganization Agreement and that any amounts needed for the expenses of the agents will be funded at the time of an actual dispute with Universal Foods;
>
> RESOLVED, that the officers of the Company shall determine from the insurance carrier whether the Company can obtain a two year extended discovery period under the directors and officers liability policy, and, if so, that such an extension be obtained at a cost not to exceed $80,000 in the aggregate;

RESOLVED, that the Company shall make a lump sum payment to retired executive officers to whom the Company has made a commitment to provide medical insurance for life based on the aggregate undiscounted present value of the cost of premiums they must pay to Universal Foods to continue those or comparable policies with Universal Foods, assuming a life expectancy equal to the maximum suggested by the insurance brokers for the Company;

RESOLVED, that the Company shall either (i) make a lump sum payment to retired executive officers to whom the Company has made a commitment to provide life insurance for life based on the aggregate discounted present value of the cost of premiums they must pay to Universal Foods to continue those or comparable policies with Universal Foods, using a discount rate equal to the rate on treasury notes of approximately equal maturity to the length of time before the respective payments are due, assuming a life expectancy equal to the maximum suggested by the insurance brokers for the Company or (ii) arrange for similar life insurance for the retired executive officers under the group life insurance policy to be adopted by General Color Company.

RESOLVED, that the Company's contractual obligations to Frank J. Lichtenberger and Warren C. Malik shall be satisfied by a lump sum payment based on the discounted present value of the payments using a discount rate equal to the rate on treasury notes of approximately equal maturity to the length of time before the respective payments are due;

RESOLVED, that the Company shall pay the premiums necessary to furnish Messrs. Paul Kohnstamm, Daniel Kaufman, James Broderick, Herbert Ettinger and Warren Malik with fully paid life insurance policies in the amount of $30,000;

RESOLVED, that the resolutions set forth on Attachment No. 2 to these minutes

regarding the Split-Up of General Color and the Reorganization Agreement are ratified, approved and adopted; and

RESOLVED, that the resolutions set forth as Attachment No. 3 to these minutes regarding the Company's Pension Plan are ratified, approved and adopted.

Mr. Paul Kohnstamm discussed his desire to purchase from the Company its shares of Horace Cory PLC at the Closing of the Reorganization Agreement with Universal Foods. Mr. Paul Kohnstamm fully advised the Board of an important acquisition that Cory was about to undertake in England and that the sale required full disclosure to the Board and its consent to the purchase.

On motion duly made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED, that the sale by the Company to Mr. Paul Kohnstamm of all of its holdings of Horace Cory PLC at or about the time of the Closing of the Reorganization Agreement with Universal Foods, at a price not less than the market value of such shares at the time of sale, is hereby approved.

Mr. Paul Kohnstamm then advised the Board that because of the pending material development with Horace Cory PLC he is currently unable to sell the shares of Horace Cory PLC held by the Pension Plan. Mr. Paul Kohnstamm requested authorization to engage legal counsel in England to assist him in connection with the sale of these shares.

On motion duly made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED, that the Company shall pay the reasonable expenses of legal counsel in England incurred by Paul Kohnstamm in connection with the sale of shares of Horace Cory PLC from the Company's Pension Plan.

There followed a discussion on the declaration of a dividend of the Company's Preferred Stock. On motion duly made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED, that the proper officers of the Company are hereby directed to make a quarterly dividend payment of $2.625 per share on the outstanding shares of the Company's Series A 10 1/2% Preferred Stock on June 15, 1988 to shareholders of record on May 15, 1988.

Mr. Paul Kohnstamm, noting that this meeting would probably be the last meeting of the Board of Directors before the Company is acquired by Universal Foods, thanked each of the members of the Board for his or her contribution and services.

There being no further business to come before the meeting, it was, on motion duly made, seconded and carried, adjourned.

Daniel Kaufman, Secretary

Attachement No. 1

General Color Valuation

4091

Background

The Board of Directors of H. Kohnstamm & Co., Inc. on November 17, 1987 appointed a committee of the following directors to determine a prudent and professional judgment of the value of General Color. They are D. Kaufman, Vice President and Secretary of H. Kohnstamm; W. P. Shevis, Vice President - Finance, ex officio; and F. Lichtenberger, President, H. Kohnstamm.

Summary

Kohnstamm's Board of Directors determined that the basis for arriving at the amount being paid by Universal Foods Corporation for H. Kohnstamm's common shares (book value, plus a fixed premium) produced a fair and equitable price to shareholders.

The Committee, therefore, concluded that application of similar reasoning in arriving at a valuation for General Color should produce a fair and equitable price to shareholders for that entity as well.

Using that reasoning, the Committee concludes that General Color's book value of $3,075,000 (approximate book value at January 30, 1988, including certain assets to be transferred from H. Kohnstamm, see "Discussion", below), plus a premium of $300,000 (total $3,375,000) would provide a fair and equitable price to shareholders.

Background

The General Color Company is a subsidiary of H. Kohnstamm that conducts the pigment/industrial colors business. In addition, immediately prior to the proposed reorganization of Kohnstamm into Universal Foods (UF), Kohnstamm will transfer to General Color its Camden facility, fragrance business and undeveloped Millville property.

A valuation for the businesses known as General Color within the Corporation, H. Kohnstamm & Co., Inc., is necessitated by two factors:

(1) The sale to UF of H. Kohnstamm's flavor and regulated color business. UF expressed no interest in H. Kohnstamm's pigment/industrial products business. In addition, UF also refused to participate in a transaction in which it acquired H. Kohnstamm's Camden production facility. Furthermore, a change of ownership of H. Kohnstamm's New Jersey properties, with the exception of Kearny, would trigger New Jersey's ECRA statutes.

(2) The agreement by the Kohnstamm family to buy out the minority interest of the remaining corporation by allowing the minority to receive more shares of UF common stock. This serves two major purposes. The residual corporation, General Color, will have gross sales of approximately $8.0MM, with $3.0MM of the $8.0MM being a cost-recovery supply contract with UF based on color production in Camden. It was felt that this would be too small an organization to afford the costs of maintaining communication, etc., to a broad shareholder base. In addition, the SEC indicated that, if General Color were "spun off" pro rata to all existing shareholders of H. Kohnstamm, an S-1 registration filing would be required. This would have been a time-consuming and costly endeavor.

A valuation is somewhat complicated by the real property generally referred to as Camden. This real property produces and distributes approximately 50 percent of the regulated products business that is being sold to UF. However, UF refused to acquire this asset throughout the bargaining process. In addition, a transfer of ownership would trigger the State of New Jersey's ECRA statutes. This would require clean-up costs estimated to be in excess of its book value/market value. This renders the property economically unsalable.

Nonetheless, UF agreed to include its (Camden's) book value in determining the price it would pay for the flavor and regulated color businesses of H. Kohnstamm. This enables all shareholders of H. Kohnstamm to receive full value for this asset. Therefore, its value was not included in the determination of the value assigned to General Color for the purpose of this transaction.

Camden has been/will be transferred to General Color to maintain continuity of ownership. The State of New Jersey is fully aware of this transaction and has judged that it is not an ECRA event.

The sale of the regulated color business requires that Camden produce certain products for UF under the terms of a supply contract. This supply contract calls for Camden to operate under a break-even or a cost-recovery basis. That is, during the term of the supply contract, Camden, while not precluded from doing so, is not expected to generate an operating profit. Further, a key element of the ownership of this facility will be the development of new products to be produced there to enable it to continue operating and, therefore, avoid closure and ECRA compliance. It should be noted that the sale to UF of H. Kohnstamm's regulated colors business includes a non-compete clause. Therefore, since the equipment currently in place cannot be used for its intended purpose after the term of the supply contract, substantial capital expenditures will be required to modify it.

It should be noted that the contract for the sale of H. Kohnstamm's flavor and regulated color businesses to UF requires that the price paid for General Color be no less than book value.

The Board of H. Kohnstamm agreed that UF's offer for the flavor and regulated color businesses was acceptable (book plus a premium). We, therefore, assumed that if a like offer were available for all of H. Kohnstamm's business, including General Color, or for General Color alone, the same basis of valuation would be book value plus a premium. The premium over book to be paid by UF is the fixed amount of $1.2MM.

The book value of General Color, prior to the transfer of assets to/from H. Kohnstamm, was $2.545MM at January 30, 1988. The net value of assets to be transferred to/from H. Kohnstamm was $530M at the same date, as follows:

Millville & fragrance assets	$ 43M
Intercompany accounts	284M
Insurance advances to PLK	195M
Other assets - net	8M
Total	$530M

Therefore, the total net book value placed on General Color was $3.075MM. The Committee felt that a premium of $300M above that amount, for a total of $3.375MM, would be a fair and equitable price for General Color. It is to be understood that the premium of $300 would be applied to the actual book value of General Color at the closing date, calculated as above.

Once again, it should be noted that the Camden facility already has yielded book value to all shareholders and is, therefore, not included. The book value of Camden is approximately $2.6MM.

All assets transferred from H. Kohnstamm to General Color have been valued at book. The minority shareholders are, therefore, receiving full value under the terms of the UF transaction from the Kohnstamm family.

General Color Prospects

Historically, the General Color (Canada included) after-tax profit profile has been modest; it earned $88M, ($188M) and $129M, in 1987, 1986 and 1985, respectively.

However, its future will be substantially different from its recent history. In addition, to the cadmium/selenium pigments produced in Newark, General Color also will make and/or market other products: aluminum hydrate, velveteen black, plastic color blends -- and act as Warner Jenkinson's distributor for FD & C lakes to the plastics industry.

On a pro-forma basis, General Color is expected to earn between $240M and $350M, pre-tax, per annum.

Its major management tasks will be:

--Extreme sensitivity to cash flow and inventory investment. The price for cadmium metal has escalated dramatically over the past 12 months from $1.50/lb. to $8.25/lb. This cost increase has been passed on to the market. However, the price of cadmium is expected to fall. Therefore, General Color must not be caught with "over-priced" inventory.

--The regulatory status of cadmium and cadmium pigments is in a state of change. While the end point of this evaluation is not yet known, what is certain is that the environmental costs of producing cadmium pigments in a safe environment will increase. These factors also could reduce the market for cadmium pigments.

--The utilization of Camden after the supply contract is critical as closure would trigger ECRA and its costs.

--The management/maintenance of Camden during the supply contract to ensure a positive cash flow and the orderly and timely demolition of the CMC building to maintain insurability.

General Color Valuation Factors

--Historical earnings

--Pro-forma income estimates

--Facilities insurance appraisals

--Book value

--ECRA cost estimates for Camden/Newark

--Supply contract with Warner Jenkinson

--Non-compete clause for regulated colors

--Alternate uses for Camden equipment

--Price volatility of cadmium metal

--Uncertain future market for cadmium pigments

--Pending environmental requirements regarding worker exposure to cadmium metal and the cost of implementing

--Downsized corporation supporting corporate overhead

--Real estate appraisals

H. KOHNSTAMM & CO., INC.
VALUATION OF GENERAL COLOR TO COMMON SHAREHOLDERS
APRIL 30, 1988
(000'S OMITTED)

EXHIBIT C

	BOOK VALUE AT JAN 30, 1988	COMMITTEE VALUATION
GENERAL COLOR/ CANADA	2,545	2,545
ASSETS TRANSFERRED IN:		
INTERCOMPANY ACCOUNTS	284	284
PLK DEBT (INSURANCE)	195	195
COLOR - A/R	231	231
COLOR - INVENTORY	56	56
MILLVILLE PROPERTY	13	13
FRAGRANCE ASSETS	30	30
ASSETS TRANSFERRED OUT:		
CANADA - A/R	(120)	(120)
CANADA - INV	(159)	(159)
TOTAL	3,075	3075
CAMDEN ASSETS	2,600	0
PREMIUM		300
TOTAL	5,675	3,375

GENERAL COLOR COMPANY (RESTRUCTURED)
CONSOLIDATED BALANCE SHEET
AS OF JANUARY 30, 1988
($000)

C-0089
BSGC1088
04-13-88

ASSETS	ACTUAL GENERAL COLOR	ACTUAL KOHN INC (CANADA)	TOTAL	CONSOLIDATING ADJUSTMENTS REF	CONSOLIDATING ADJUSTMENTS AMOUNT	CONSOL GENERAL COLOR	Revised PRO-FORMA ADJUSTMENTS REF	Revised PRO-FORMA ADJUSTMENTS AMOUNT	PRO FORMA GENERAL COLOR
CURRENT ASSETS									
CASH	141	46	187			187	(b)(c)(d)(e)(f)	(334)	(147)
ACCOUNTS RECEIVABLE	383	239	622			622	(c)(e)	111	733
LESS: ALLOWANCE FOR BAD DEBTS	(6)	(5)	(11)			(11)			(11)
NET ACCOUNTS RECEIVABLE	377	234	611		0	611		111	722
CURRENT PORTION OF NOTES RECEIVABLE	0	0	0			0			0
REFUNDABLE INCOME TAXES	0	0	0			0			0
INVENTORIES	1,215	318	1,533			1,533	(d)(f)	(103)	1,430
MISC. RECEIVABLES	1	8	9			9			9
PREPAID EXPENSES	(4)	2	(2)			(2)			(2)
TOTAL CURRENT ASSETS	1,730	608	2,338		0	2,338		(326)	2,012
INVESTMENTS IN AND ADVANCES TO CONSOLIDATED SUBSIDIARIES	424	0	424	(a)	(424)	0			0
PROPERTY, PLANT & EQUIPMENT									
LAND & IMPROVEMENTS	66	0	66			66			66
BUILDINGS & IMPROVEMENTS	425	33	458			458			458
M&E, F&F, TRUCKS & AUTOS	1,793	66	1,859			1,859			1,859
PP & E - AT COST	2,284	99	2,383		0	2,383		0	2,383
LESS: ALLOWANCE FOR DEPRECIATION	1,456	52	1,508			1,508			1,508
NET PROPERTY, PLANT & EQUIPMENT	828	47	875		0	875		0	875
OTHER ASSETS									
SUNDRY	0	8	8			8			8
DUE FROM OFFICERS	0	0	0			0			0
TOTAL OTHER ASSETS	0	8	8		0	8		0	8
ACCOUNTS WITH AFFILIATES									
GENERAL COLOR/HK & CO.	(440)	0	(440)			(440)	(b)	440	0
GENERAL COLOR/KOHNSTAMM INC.(CAN)	277	(277)	0			0			0
H. KOHNSTAMM/KOHNSTAMM, INC.(CAN)	0	114	114			114	(b)	(114)	0
TOTAL ACCOUNTS WITH AFFILIATES	(163)	(163)	(326)		0	(326)		326	0
TOTAL ASSETS	2,819	500	3,319		(424)	2,895		0	2,895

GENERAL COLOR COMPANY (RESTRUCTURED)
CONSOLIDATED BALANCE SHEET
AS OF JANUARY 30, 1988
($000)

Revised
C-CORP
BSGC1088
04-26-88

LIABILITIES & EQUITY	ACTUAL GENERAL COLOR	ACTUAL KOHN INC (CANADA)	TOTAL	CONSOLIDATING ADJUSTMENTS REF	CONSOLIDATING ADJUSTMENTS AMOUNT	CONSOL GENERAL COLOR	PRO-FORMA ADJUSTMENTS REF	PRO-FORMA ADJUSTMENTS AMOUNT	PRO FORMA GENERAL COLOR
CURRENT LIABILITIES									
NOTES PAYABLE - BANK	0	0	0			0			0
CURRENT PORTION OF CAPITAL LEASE	0	0	0			0			0
ACCOUNTS PAYABLE - TRADE	291	65	356			356			356
ACCRUED EXPENSES	12	0	12			12			12
DIVIDENDS PAYABLE	0	0	0			0			0
FEDERAL INCOME TAXES PAYABLE	(15)	(8)	(23)			(23)			(23)
DEFERRED INCOME TAXES PAYABLE	0	0	0			0			0
TOTAL CURRENT LIABILITIES	288	57	345		0	345		0	345
OTHER LIABILITIES									
LONG-TERM DEBT (LESS CURRENT)	0	0	0			0			0
DEFERRED INCOME TAXES	10	0	10			10			10
LONG-TERM PORTION OF CAPITAL LEASE	0	0	0			0			0
TOTAL OTHER LIABILITIES	10	0	10		0	10		0	10
TOTAL LIABILITIES	298	57	355		0	355		0	355
SHAREHOLDERS' EQUITY									
COMMON STOCK									
PAR VALUE	10	20	30	(a)	(20)	10			10
PAID-IN SURPLUS	0	0	0			0			0
RETAINED EARNINGS									
BEGINNING (11-01-87)	2,531	441	2,972	(a)	(441)	2,531			2,531
CURRENT YEAR EARNINGS	17	(37)	(20)	(a)	37	17			17
INCOME OF SUBSIDIARIES	(37)	0	(37)			(37)			(37)
LESS DIVIDENDS PAID	0	0	0			0			0
TOTAL RETAINED EARNINGS	2,511	404	2,915		(404)	2,511		0	2,511
EQUITY ADJUSTMENT FROM TRANSLATION	0	19	19			19			19
LESS SH COM ST IN TREASURY	0	0	0			0			0
TOTAL SHAREHOLDERS' EQUITY	2,521	443	2,964		(424)	2,540		0	2,540
TOTAL LIABILITIES & EQUITY	2,819	500	3,319		(424)	2,895		0	2,895
Check Total of Assets	2,819	500	3,319		(424)	2,895		0	2,895

KENKOHN 0124

GENERAL COLOR COMPANY (RESTRUCTURED)
CONSOLIDATED BALANCE SHEET
CONSOLIDATING AND PROFORMA ADJUSTMENTS
(000)

Revised

C-CORP
BSGC1088
04-13-88

EXPLANATION	DEBIT	CREDIT
(a) - To consolidate investment accounts		
Common Stock - HK Inc.	20	
Retained Earnings - Prior	441	
Retained Earnings - Current		37
Investment in HK Inc.		424
	461	461
(b) - To close intercompany accounts		
Cash		
GC to HK & Co.		326
HK & Co. to HK Inc.	440	
		114
	440	440
(c) - To transfer portion of accounts receivable from HK & Co.		
Cash		
Accounts Receivable	231	231
(d) - To transfer portion of inventories from HK & Co.		
Cash		
Inventories	56	56
(e) - To transfer portion of Kohnstamm Inc. (Canada) accounts receivable to HK & Co.		
Cash		
Accounts Receivable	120	120
(f) - To transfer portion of Kohnstamm Inc. (Canada) inventories to HK & Co.		
Cash		
Inventories	159	159

Note: Net cash outlay is $334,000, exclusive of approximately $195,000 owed to HK & Co. by PLK in connection with insurance policies. This leaves the Company with a negative cash balance of $147,000. A substantial cash infusion would have to be made to sustain the business.

4099

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Attachment No.2

Transfer of Assets to

and

Split-Up

of

GENERAL COLOR COMPANY

Attachment No. 2

Transfer of Assets to
and
Split-Up
of
GENERAL COLOR COMPANY

In connection with the Reorganization Agreement (the "Reorganization Agreement") dated December 11, 1987 among the Company, General Color Company, Universal Foods Corporation and certain shareholders of the Company, and as required under the Reorganization Agreement, the following resolutions are adopted:

RESOLVED, that prior to the Closing of the transactions contemplated under the Reorganization Agreement, the following assets of the Company shall be transferred to General Color, its wholly owned subsidiary: all of the assets of the Company comprising its Camden, New Jersey real property (including all property, plant and equipment at such location), such real property identified as Block No. 971, Lot No. 1, as same are recorded on the books and records of the Company, such transfer to be evidenced by a quit-claim deed to General Color of the real property and a bill of sale of all of such other assets; all of the tangible and intangible assets comprising its fragrance operations, such transfer to be evidenced by a bill of sale; the undeveloped real property located in Millville, New Jersey, identified as Block No. 228, Lot No. 52A, such transfer to be evidenced by a quit-claim deed to General Color; any and all life insurance policies on the life of Paul L. Kohnstamm, Chairman of the Board of the Company, such assignments to be evidenced by the filing of the proper assignment forms with the applicable insurance companies; and, all receivables due from Paul L. Kohnstamm, Chairman of the Board of the Company, to the Company, for any purpose whatsoever including borrowings against life insurance policies;

RESOLVED, that the proper officers of the Company be, and they are hereby are, authorized and directed to execute such

deeds, bills of sale, or other instruments of transfer or assignment necessary to effectuate the foregoing resolution;

RESOLVED, that after the completion of the foregoing transfers, the Company shall split-up (the "Split-Up") its holdings of common stock of General Color by transferring 80,922.1 shares of its General Color common stock, constituting all of the issued and outstanding shares of common stock of General Color, to certain of its shareholders, defined as "Kohnstamm Family Shareholders" in the Reorganization Agreement, whose names and share holdings are set forth on the Schedule attached to these Resolutions, by transferring such holdings to such shareholders on the basis of one-tenth (1/10) of one share of General Color common stock for each share of Company common stock held by such Kohnstamm Family Shareholder at the time of the Split-Up, with fractional shares to be transferred as appropriate. Each Kohnstamm Family Shareholder shall surrender to the Company in exchange for the shares of General Color he will receive in the Split-Up that portion of shares of Company Common Stock held by him at the time of the Split-Up which constitutes the value of the General Color stock he receives in the Split-Up in relation to the total value of General Color common stock and Universal Foods common stock he receives in the Split-Up and the Reorganization. The computation for each Kohnstamm Family Shareholder is as follows:

$$A = B \left(\frac{C}{C + \frac{D}{E}(F) - G} \right)$$

Where A = Number of shares of Company Common Stock to be surrendered on the Split-Up by a Kohnstamm Family Shareholder in exchange for his or her General Color Common Stock.

Where B = Total number of shares of Company Common Stock held by such Kohnstamm Family Shareholder at the time of the Split-Up.

Where C = Value of General Color as defined in the Reorganization Agreement.

Where D = Total number of shares of Company Common Stock held by all Kohnstamm Family Shareholders at the time of the Split-Up.

Where E = Total Number of Shares of Common Stock held by all Company shareholders at the time of Split-Up.

Where F = Adjusted Book Value of the Company as defined in the Reorganization Agreement.

Where G = Minority Shareholder Premium as defined in the Reorganization Agreement.

RESOLVED, that at the time each certificate representing shares of Company Common Stock held by a Kohnstamm Family Shareholder is surrendered to the escrow agent and transfer agent of Universal Foods, as provided in the Reorganization Agreement and the Escrow Agreement set forth as Exhibit C thereto, the Company shall make arrangements with the escrow agent and transfer agent to treat as surrendered to the Company that portion of such Kohnstamm Family Shareholder's shares of Company Common Stock as are determined to have been surrendered in exchange for shares of General Color Company in accordance with the above formula;

RESOLVED, that the record date for the meeting of the Company's shareholders required under the Proxy/Registration Statement of the Company and Universal Foods, shall be July 29, 1988 and the meeting of the shareholders for such purposes shall be September 7, 1988.

WHEREAS, the Corporation and the General Color Company maintain the H. Kohnstamm & Company, Inc. Pension Plan (the "Pension Plan");

WHEREAS, the Corporation has adopted a tax-free reorganization plan in which all of the shares of stock of the Corporation will be transferred to Universal Foods Corporation;

WHEREAS, in connection with such reorganization, the Board of Directors believes it to be in the best interests of the Corporation and of the participants covered by the Pension Plan to terminate the plan;

WHEREAS, the General Color Company has resolved to terminate the Pension Plan;

WHEREAS, the Corporation desires to make amendments to the Pension Plan which will provide for the termination of benefit accruals under the Pension Plan as of the Closing Date, for all of the assets of the plan to be distributed to members of the plan, and for a required lump distribution from the Pension Plan for accrued benefits valued at $2,000 or less; and

WHEREAS, the Corporation is required by the Internal Revenue Service to make certain amendments to the Pension Plan prior to its termination so that the Pension Plan complies with the then effective provisions of the Tax Reform Act of 1986; it is therefore

RESOLVED, that the amendments to the Pension Plan in the form attached hereto are approved and adopted effective the dates set forth in the amendments; and further

RESOLVED, that all benefit accruals under the Pension Plan shall cease as of the Closing Date; and further

RESOLVED, that subject to the approval of such termination date by the Pension Benefit Guarantee Corporation (the "PBGC"), the Pension Plan shall be, and it hereby is, terminated effective the Closing Date; and further

RESOLVED, that all participants in the Pension Plan shall be, and they hereby are, fully vested in the benefits accrued to them under the Pension Plan as of the Closing Date, to the extent such accrued benefits are then funded; and further

RESOLVED, that the appropriate officers of the Corporation be, and they hereby are, authorized and directed to take such action as may be necessary, appropriate or advisable to effectuate the termination of the Pension Plan including, but not limited to, notifying the PBGC of the termination and taking such action as is necessary to satisfy applicable PBGC requirements with respect to the termination, applying for a letter of determination with respect to the termination from the Internal Revenue Service, and making any further amendments to the Plan that the officers deem necessary, appropriate or advisable.

H. KOHNSTAMM & CO., INC. PENSION PLAN

THIS FIFTH AMENDMENT to the H. Kohnstamm & Co., Inc. Pension Plan, dated the year hereinafter set forth, made by H. Kohnstamm & Co., Inc.

W I T N E S S E T H:

WHEREAS, the Company adopted a pension plan effective November 1, 1970 which was amended and restated effective November 1, 1984;

WHEREAS, the Company is being sold to the Universal Food Corporation and it is anticipated that the closing of such will take place in 1988 (the "Closing Date"); and

WHEREAS, the Company desires to make certain amendments to the Plan, as amended;

NOW, THEREFORE, the Company does hereby adopt the following amendments to the H. Kohnstamm & Co., Inc. Pension Plan, as amended, said amendments to be effective as set forth below:

1. Effective the Closing Date, Section 4.4 of the Plan shall be deleted and the following inserted in its place:

4.4 Special Retirement Allowance: A member shall be eligible for a Special Retirement Allowance in acordance with the provisions of Section 5.4 if his employment terminated for any reason other than death or retirement, regardless of how many Years of Service the Member completed."

2. Effective June 1, 1988 the following shall be added after Section 6.4 of the Plan:

"6.5 Lump Sum Distribution: Notwithstanding anything in the Plan to the contrary, if the Present Value of a Member's accrued benefit does not exceed $2,000, such Present Value shall be paid in the form of a lump sum distribution. For purposes of this Section 6.5, "Present Value" shall be determined using the interest rate and mortality factors set forth in Section 2.3(r); provided, however, that the Applicable Interest Rate shall be substituted in lieu of the interest rate set forth in Section 2.3(r) if the use of the Applicable Interest Rate will provide a greater Present Value. For purposes of this Section 6.5, "Applicable Interest Rate" shall mean the interest rate which would be used by the Pension Benefit Guaranty Corporation for purposes of determining the present value of that Member's benefits under the Plan if the Plan had terminated on the first day of the Plan Year in which the distribution occurred with insufficient assets to provide benefits guaranteed by the Pension Benefit Guaranty Corporation on that date. No lump sum distribution may be made under this Section 6.5 after the Member's annuity starting date unless the Member and his spouse (or where the Member has died, his surviving spouse) consents in writing to such distribution."

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3. Effective the Closing Date add the following after Plan Section 5.7:

"5.8 Cessation of Benefits: Notwithstanding anything in the Plan to the contrary, effective the Closing Date, no Member shall accrue any benefits under the Plan. For purposes of this Section 5.8, "Closing Date" shall mean the closing date on which all of the shares of stock of H. Kohnstamm & Co., Inc. are sold to the Universal Food Corporation."

4. Effective the Closing Date, Section 7.2(c) of the Plan shall be deleted.

5. Effective June 1, 1988 Section 14.4 of the Plan shall be deleted and the following shall be inserted in its place:

"14.4 Residual Amounts: In no event shall the Employer receive any amounts from the Trust Fund."

IN WITNESS WHEREOF, this Amendment has been duly signed this day of , 1988.

H. KOHNSTAMM & CO., INC.

By:_____

ATTEST:

_____

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H. KOHNSTAMM & CO., INC. PENSION PLAN

THIS FOURTH AMENDMENT to the H. Kohnstamm & Co., Inc. Pension Plan, dated the year hereinafter set forth, made by H. Kohnstamm & Co., Inc.

W I T N E S S E T H:

WHEREAS, the Company adopted a pension plan effective November 1, 1970 which was amended and restated effective November 1, 1984;

WHEREAS, the Company is being sold to the Universal Food Corporation and wishes to terminate such plan; and

WHEREAS, the Company must make certain amendments to the plan prior to its termination so the plan complies with the then effective provisions of the Tax Reform Act of 1986;

NOW, THEREFORE, the Company does hereby adopt the following amendments to the H. Kohnstamm & Co., Inc. Pension Plan, as amended, said amendments to be effective as set forth below:

SECTION I

PURPOSE AND EFFECTIVE DATE

1.1. Purpose. It is the intention of the Employer to amend the plan to comply with those provisions of the Tax Reform Act of 1986 that are effective prior to the first Plan Year beginning after December 31, 1988.

1.2. Effective Date. Except as otherwise provided, this amendment shall be effective as of the first day of the first Plan Year beginning after December 31, 1986.

SECTION II

DEFINITIONS

For purposes of this amendment only, the following definitions shall apply.

2.1. "Adjustment Factor" shall mean the cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code for years beginning after December 31, 1987, applied to such items and in such manner as the Secretary shall prescribe.

2.2. "Affiliated Employer" shall mean the Employer and any corporation which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in

Section 414(c) of the Code) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to regulations under Section 414(o) of the Code.

2.3. "Code" shall mean the Internal Revenue Code of 1986 and amendments thereto.

2.4. "Current Accrued Benefit" shall mean a Participant's accrued benefit under the plan, determined as if the Participant had separated from service as of the close of the last Limitation Year beginning before January 1, 1987, when expressed as an annual benefit within the meaning of Section 415(b)(2) of the Code. In determining the amount of a Participant's Current Accrued Benefit, the following shall be disregarded:

(i) any change in the terms and conditions of the Plan after May 5,1986; and

(ii) any cost of living adjustment occurring after May 5, 1986.

2.5. "Defined Benefit Dollar Limitation" shall mean the limitation set forth in Section 415(b)(1) of the Code.

2.6. "Defined Contribution Dollar Limitation" shall mean $30,000 or, if greater, one-fourth of the Defined Benefit Dollar Limitation in effect for the Limitation Year.

2.7. "Employee" shall mean employees of the Employer and shall include leased employees within the meaning of Section 414(n)(2) of the Code. Notwithstanding the foregoing, if such leased employees constitute less than twenty percent of the Employer's nonhighly compensated work force within the meaning of Section 414(n)(1)(C)(ii) of the Code, the term "Employee" shall not include those leased employees covered by a plan described in Section 414(n)(5) of the Code unless otherwise provided by the terms of the plan other than this amendment.

2.8. "Employee Contributions" shall mean contributions to the plan made by a Participant during the Plan Year.

2.9. "Employer" shall mean the entity that establishes or maintains the plan; any other organization which has adopted the plan with the consent of such establishing employer; and any successor of such employer.

2.10. "Limitation Year" shall mean the limitation year specified in the plan or, if none is specified, the calendar Year.

2.11. "Participant" shall mean any Employee of the Employer who has met the eligibility and participation requirements of the plan.

2.12. "Social Security Retirement Age" shall mean the age used as the retirement age for the Participant under Section 216(1) of the Social Security Act, except that such section shall

be applied without regard to the age increase factor, and as if the early retirement age under Section 216(1)(2) of such Act were 62.

2.13. "Plan Year" shall mean the plan year otherwise specified in the plan.

SECTION III

PROVISIONS RELATING TO LEASED EMPLOYEES

3.1. Safe-Harbor. Notwithstanding any other provisions of the Plan, for purposes of the pension requirements of Section 414(n)(3) of the Code, the employees of the Employer shall include individuals defined as Employees in Section 2.7 of this amendment.

3.2. Participation and Accrual. A leased employee within the meaning of Section 414(n)(2) of the Code shall become a Participant in, or accrue benefits under, the plan based on service as a leased employee only as provided in provisions of the plan other than this Section III.

3.3. Effective Date. This Section III shall be effective for services performed after December 31, 1986.

SECTION IV

LIMITATIONS ON CONTRIBUTIONS AND BENEFITS

4.1. Adjustment to Defined Dollar Limitation for Early or Deferred Retirement.

(a) Adjustment for Early Retirement. If the retirement benefit of a Participant commences before the Participant's Social Security Retirement Age, the Defined Benefit Dollar Limitation shall be adjusted so that it is the actuarial equivalent of an annual benefit of $90,000, multiplied by the Adjustment Factor, as prescribed by the Secretary of the Treasury, beginning at the Social Security Retirement Age. The adjustment provided for in the preceding sentence shall be made in such manner as the Secretary of the Treasury may prescribe which is consistent with the reduction for old-age insurance benefits commencing before the Social Security Retirement Age under the Social Security Act.

(b) Adjustment for Deferred Retirement. If the retirement benefit of a Participant commences after the Participant's Social Security Retirement Age, the Defined Benefit Dollar Limitation shall be adjusted so that it is the actuarial equivalent of benefit of $90,000 beginning at the Social Security Retirement Age, multiplied by the Adjustment Factor as provided by the Secretary of the Treasury, based on the lesser of the interest rate assumption under the Plan or on an assumption of five percent (5%) per year.

4.2. Adjustment of Limitation for Years of Service or Participation.

(a) Defined Benefit Dollar Limitation. If a Participant has completed less than ten years of participation, the Participant's accrued benefit shall not exceed the Defined Benefit Dollar Limitation as adjusted by multiplying such amount by a fraction, the numerator of which is the Participant's number of years (or part thereof) of participation in the Plan, and the denominator of which is ten.

(b) Other Defined Benefit Limitation. If a Participant has completed less than ten years of service with three Affiliated Employers, the limitations described in Sections 415(b)(1)(B) and 415(b)(4) of the Code shall be adjusted by multiplying such amounts by a fraction, the numerator of which is the Participant's number of years of service (or part thereof), and the denominator of which is ten.

(c) Limitations of Reductions. In no event shall Sections 4.2(b) and (c) reduce the limitations provided under Sections 415(b)(1) and (4) of the Code to an amount less than one-tenth of the applicable limitation (as determined without regard to this Section 4.2).

(d) Application to Changes in Benefit Structure. To the extent provided by the Secretary of the Treasury, this Section 4.2 shall be applied separately with respect to each change in the benefit structure of the plan.

4.3. Preservation of Current Accrued Benefit Under Defined Benefit Plan.

(a) In General. This section 4.3 shall apply to defined benefit plans that were in existence on May 6, 1986, and that met the applicable requirements of Section 415 of the Code as in effect for all Limitation Years.

(b) Protection of Current Accrued Benefit. If the Current Accrued Benefit of an individual who is a Participant as of the first day of the Limitation Year beginning or or after January 1, 1987, exceeds the benefit limitations under Section 415(b) of the Code (as modified by sections 4.1 and 4.2 of this amendment), then, for purposes of Code Section 415(b) and (e), the Defined Benefit Dollar Limitation with respect to such individual shall be equal to such Current Accrued Benefit.

4.4. Special Rules for Plans Subject to Overall Limitations Under Code Section 415(e).

(a) Defined Contribution Plan Fraction. For purposes of computing the defined contribution plan fraction of Section 415(e)(1) of the Code, "Annual Addition" shall mean the amount allocated to a Participant's account during the Limitation Year as a result of:

(i) Employer contributions,

(ii) Employee Contributions,

(iii) Forfeitures, and

(iv) Amounts described in Sections 415(l)(l) and 419(A)(d)(2) of the Code.

(b) Recomputation Not Required. The Annual Addition for any Limitation Year beginning before January 1, 1987 shall not be recomputed to treat all Employee Contributions as an Annual Addition.

(c) Adjustment of Defined Contribution Plan Fraction. If the Plan satisfied the applicable requirements of Section 415 of the Code as in effect for all Limitation Years beginning before January 1, 1987, an amount shall be substracted from the numerator of the defined contribution plan fraction (not exceeding such numerator) as prescribed by the Secretary of the Treasury so that the sum of the defined benefit plan fraction and defined contribution plan fraction computed under Section 415(e)(1) of the Code (as revised by this Section IV) does not exceed 1.0 for such Limitation Year.

4.5. Special Rules. The provisions of this Section IV shall be modified as provided in:

(i) Section 415(b)(2)(F) of the Code for plans maintained by organizations (other than governmental units) exempt from tax under Subtitle A of the Code, and qualified merchant marine plans; and

(ii) Section 415(b)(9) of the Code for plan participants who are commercial airline pilots.

4.6. Effective Date of Section IV Provisions. The provisions of this Section IV shall be effective for Limitation Years beginning after December 31, 1986.

SECTION V

CALCULATION OF PRESENT VALUE FOR CASH-OUT OF BENEFITS AND FOR DETERMINING AMOUNT OF BENEFITS

5.1. In General. This Section V shall apply to all distributions from the plan and from annuity contracts purchased to provide plan benefits other than distributions described in Section 1.417-1T(e)(3) of the Income Tax Regulations issued under the Requirement Equity Act.

5.2. Determination of Present Value.

(a) For purposes of determining whether the present value of (i) a Participant's vested accrued benefit; (ii) a qualified joint and survivor annuity, within the meaning of Section 417(b) of the Code; or (iii) a qualified preretirement survivor annuity within the meaning of Section 417(c)(1) of the Code exceeds $3,500, the present value of such benefits or annuities shall be calculated by using an interest rate no greater than the Applicable Interest Rate.

(b) In no event shall the present value of any such benefit or annuity determined under this Section 5.2 be less than the greater of:

(i) the present value of such benefits or annuities determined under the plan's provisions for determining the present value of accrued benefits or annuities other than Sections V and IX of this amendment; or

(ii) the present value of such benefits or annuities determined using the Applicable Interest Rate.

5.3. Determination of Amount of Benefits.

(a) For purposes of determining the amount of a Participant's vested accrued benefit, the interest rate used shall not exceed:

(i) the Applicable Interest Rate if the present value of the benefit (using such rate or rates) is not in excess of $25,000; or

(ii) 120 percent of the Applicable Interest Rate if the present value of the benefit exceeds $25,000 (as determined under clause (i)). In no event shall the present value determined under this clause (ii) be less than $25,000.

(b) In no event shall the amount of the benefit or annuity determined under this Section 5.3 be less than the greater of:

(i) the amount of such benefit determined under the plan's provisions for determining the amount of benefits other than Sections V and IX of this amendment; or

(ii) the amount of such benefit determined using the Applicable Interest Rate if the value determined in Section 5.3(a) is less than $25,000 or 120 percent of the Applicable Interest Rate if the value determined in Section 5.3(a) is not less than $25,000.

5.4. Coordination with Limitations on Contributions and Benefits. In no event shall the amount of any benefit or annuity determined under this Section V exceed the maximum benefit permitted under Section 415 of the Code.

5.5. Applicable Interest Rate.

(a) For purposes of this Section V, "Applicable Interest Rate" shall mean the interest rate or rates which would be used as of the date distribution commences by the Pension Benefit Guaranty Corporation for purposes of determining the present value of that Participant's benefits under the plan if the plan had terminated on the date distribution commences with insufficient assets to provide benefits guaranteed by the Pension Benefit Guaranty Corporation on that date.

(b) Notwithstanding the foregoing, if the provisions of the plan other than Section 5.5 so provide, the Applicable Interest Rate shall be determined as of the first day of the Plan Year in which a distribution occurs rather than as of the date distribution commences.

5.6. Effective Dates.

(a) In General. This Section V shall apply to distributions in Plan Years beginning after December 31, 1984, other than distributions under annuity contracts distributed to or owned by a Participant prior to September 17, 1985 unless

additional contributions are made under the plan by the Employer with respect to such contracts.

(b) Special Rule for Distributions Prior to 1987. Notwithstanding the foregoing, this Section V shall not apply to any distributions in Plan Years beginning after December 31, 1984, and before January 1, 1987, if such distributions were made in accordance with the requirements of the Income Tax Regulations issued under the Retirement Equity Act of 1984.

SECTION VI

DETERMINATION OF TOP-HEAVY STATUS

Solely for the purpose of determining if the plan, or any other plan included in a required aggregation group of which this plan is a part, is top-heavy (within the meaning of Section 416(g) of the Code) the accrued benefit of an Employee other than a key employee (within the meaning of Section 416(i)(1) of the Code) shall be determined under (a) the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Affiliated Employers, or (b) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Section 411(b)(1)(C) of the Code.

SECTION VII

EMPLOYEE CONTRIBUTIONS NOT PERMITTED

The Plan shall accept no Employee Contributions which are accounted for separately (as though they were actually allocated to a separate account) after the last day of the last Plan Year beginning before December 31, 1986.

SECTION VIII

REPLACEMENT OF IMMEDIATE ANNUITY RATE WITH APPLICABLE INTEREST RATE

8.1. Replacement of Immediate Annuity Rate. If the provisions of the plan, other than this Section VIII provide that the present value and amount of benefits under Sections 5.2 and 5.3 of this amendment are determined with reference to the immediate annuity rates used by the Pension Benefit Guaranty Corporation, the rate used for such purposes shall instead be the Applicable Interest Rate as defined in Section 5.5 of this amendment or 120 percent of that rate if the present value of the benefit exceeds $25,000 (determined using the Applicable Interest Rate) and provided that the use of 120 percent of such rate shall not reduce the present value or amount of benefits below $25,000.

8.2. Effective Date. This Section VIII shall apply to distributions in Plan Years beginning after December 31, 1986, and shall also apply to any distributions in Plan Years beginning after December 31, 1984 and before January 1, 1987 other than:

(a) Distributions under annuity contracts distribution to or owned by a Participant prior to September 17, 1985 unless additional contributions are made under the plan by the Employer with respect to such contracts; or

(b) Distributions made in accordance with the requirements of the Income Tax Regulations issued under the Retirement Equity Act of 1984.

IN WITNESS WHEREOF, this Amendment has been duly signed this day of , 1988.

H. KOHNSTAMM & CO., INC.

By: _____

ATTEST:

_____

10/19/87

new escrow requested

Present proposal "is" improved"
9.5 common stock
10 yr obligation of HK shareholders re $
supply K amendments
Bd seat conditional on Dad representing $5 million shares
→ not authed by WJ vote Eisner
working capital advance 250m
100m loss reserve fund increase
∴ these don't meet Frank's request
but, basically unclear.

100m increase brings to 2.77 million overhead cushion

New proposal (alternative)
Asset purchase for stock or cash 10 million
Taxable by HK: taxable again to shareholders
Shareholders would not receive anything
SEC registration would go quicker & less expensive
UF would pay severance at closing
∴ no one sees much advantage to this alt.

Bill's Share #'s

240m	below 8 million balance	7.760 7/26/87 bal.
650		
-250	severance pay UFC	
400		
severance pay		
500	K commitments	Warrant Frank
250	Computer costs which EtW want capitalize	
200	legal, acct, brokerage fees	
150		
200		
-104	UFC	

425 net legal, acct
50 vacation accrual
400 ~~put~~ 4th Q 87, 1st Q88 losses (before taxes)

2.025
300 tax benefit of loss

1.725

6.035 net equity v 8 million UFC figure
of K

1.965 reduction of 9.5 million purchase price
@ 28
269,107 sh

To avoid SEC registration of new entity, Bob proposes ~~option~~ split off of Gen Color to Kohnstam family, minority shareholder would get UFC stock. Downside would be family would have full control of Gen Color. Cost of registration would be 6 figures.

Banks want personal guarantee on loan to Gen Color.

Frank notes that $ deadline at Camden rapidly approaching (5/88). No time to negotiate w Allen

Warren notes pressure of lending banks.

Supply K changes since last Bd - 105M concession by GF.

Premium on total deal will be 1.5 million over book (if book under 8 million which it will probably be)

Bd doesn't see Gen Color shareholder liability if Camden stays open for duration of supply K.

NJ has approved transfer of license → GEJ Camden → Gen Color. Tho this was based on 24 mo K, now its 18 mo.

Tom: we have no choice but to sell:
(1) We're losing $
(2) May, '88 Camden $ improvements - can't be met

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION, CIVIL PART
CAMDEN COUNTY
DOCKET NO.:
A.D.#:_____

PLEASANT GARDENS REALTY, CORP.,

Plaintiffs,

vs.

H. KOHNSTAMM & CO., INC., et al.,

Defendants.

TRANSCRIPT
OF
HEARING

Place: Camden County Courthouse
25 N. 5th Street
Camden, N.J. 08102

Date: February 30, 2006

BEFORE:

HONORABLE CHARLES A. LITTLE, J.S.C.

TRANSCRIPT ORDERED BY:

SHANNA P. O'NEAL, ESQUIRE (Saul, Ewing)

APPEARANCES:

JOHN F. STOVIAK, ESQUIRE (Saul, Ewing)
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Attorney for Dan and Elizabeth Kohnstamm, Kenneth and Adam Kohnstamm, Joshua and Ricka Robb Kohnstamm, Peter Kohnstamm and Mary Kohnstamm.

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ROBERT FELTOON, ESQUIRE (Conrad, O'Brien)
Attorney for Abby Kohnstamm

(Appearances Continued)

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I N D E X

Argument By:

Mr. Stoviak 6, 23, 31

Mr. Krumholz 12, 25

Mr. Bogdonoff 17, 28

Mr. Feltoon 27

THE COURT: Ruling 31

(Court in Session)

THE COURT: Pleasant Gardens. We have half the people here anyway. Come on down sport's fans. Are you guys in those other 500 Pleasant Gardens that Judge Colalillo was so nice to assign to me?

COUNSEL: No.

THE COURT: Are we having a jury presentation?

COUNSEL: No, I just wanted to liven it up, Your Honor, if I may with a --

THE COURT: You got to get a little better than boards, I can tell you that. You get some dancing girls to come across with those.

All right, gentlemen, this is -- I lost my place and my mind, too. That's all right. Enter your appearances.

MR. STOVIAK: Your Honor, John Stoviak. And I'm with Shanna O'Neal from Saul, Ewing. We represent third party defendants that are moving, Dan and Elizabeth Kohnstamm, Kenneth and Adam Kohnstamm, Joshua and Ricka Robb Kohnstamm, Peter Kohnstamm and Mary Kohnstamm.

THE COURT: What about Paul? Did you name Paul?

MR. STOVIAK: Paul Kenneth is his name, but

he goes by Kenneth.

THE COURT: You have Mary, Paul, and Peter, what was the singing group?

MR. STOVIAK: Peter, Paul and Mary.

THE COURT: Peter, Paul and Mary. You don't have any Mary's.

MR. STOVIAK: I do have a Mary.

THE COURT: I have a Rick, Richard, Sarah, Peter, Paul, Paul, Mary -- hey, we do have a Mary -- Kevin, Joshua, John, Jeffrey, Elizabeth, David, Daniel and Abby. Any on the next page? Yes. Adam. Okay. Who do the rest of you guys have?

MR. KRUMHOLZ: Your Honor, Dennis Krumholz, I'm here with Jay Eversman from the Riker, Danzig firm on behalf of third party defendants Richard Kohnstamm, David Kohnstamm, Jeffrey Kohnstamm, John Kohnstamm and Kevin Kohnstamm.

MR. FELTOON: Your Honor, Bob Feltoon from Conrad, O'Brien. I'm here for just one third party defendant, Abby Kohnstamm.

THE COURT: Abby wouldn't take the stock, right?

MR. FELTOON: Pardon me, Your Honor?

THE COURT: Abby refused to take the stock, she said she didn't want it?

MR. FELTOON: Yes. Abby and her husband Peter did not take the General Color stock.

THE COURT: Right.

MR. BOGDONOFF: Your Honor, Mike Bogdonoff, from Dechert representing Sensient Colors, Inc. And I'm joined by John Ix, also from Dechert.

THE COURT: Okay. Who wants to run it?

MR. STOVIAK: Your Honor, if I may? John Stoviak, again. I'm going to split up the argument on behalf of the moving third party defendants. I'm going to talk about why there should be no piercing of the corporate veil, and why the request here, set forth on the third-party complaint, is totally unprecedented.

Mr. Krumholz is going to speak to the one basis upon which the third party plaintiff seeks to pierce the corporate veil, the ECRA filings and submissions.

And essentially, in light of Your Honor's comment about the shareholders getting out of this case, I'm going to focus my argument on the two individuals that are also directors and why you should also dismiss them from the case.

All of the moving third-party defendants are minority shareholders in H. Kohnstamm -- or were minority shareholders in H. Kohnstamm. Only Kenneth

Kohnstamm and Richard Kohnstamm were directors of H. Kohnstamm.

And essentially why they should be dismissed, even though they were directors of H. Kohnstamm, is the following reason. Number one, the third party complaint only sues them in their capacity as shareholders. There are no allegations whatsoever in the third party complaint that either Kenneth Kohnstamm or Richard Kohnstamm engaged in any improper activities as a director of H. Kohnstamm, up until 1988.

Or as a --

THE COURT: Richard and Kenneth were both directors?

MR. STOVIAK: Richard and Kenneth were both directors. Secondly, as a matter of law a corporation cannot pierce its own corporate veil. And if I may, Your Honor, may I use the chart here to make my point?

THE COURT: Yes.

MR. STOVIAK: Essentially, what you have here in this instance, Your Honor, is you have H. Kohnstamm & Company, Inc. a New York corporation that existed and still exists today. But from 1922 to 1988, it owned the Camden property, it owned the General Color Company stock and the moving third party defendants only accounted for 25.982 percent of its stock.

In 1988, the transaction that's at issue, Universal Foods Corporation, which is also represented by the third party plaintiffs here and is a defendant in this case, bought the stock of H. Kohnstamm, and along with it picked up the liabilities as a matter of sort of form of corporate law.

When you buy the stock, you pick up the liabilities of that corporation. Then in, I think, 2002, H. Kohnstamm Company still existed as a wholly owned subsidiary of Universal Foods, and it was ultimately renamed Sensient Colors, Inc., a New York corporation, which is the third party plaintiff.

So H. Kohnstamm & Company is now Sensient Colors, Inc. Nothing's changed about it, other than its name has changed, its stock ownership changed in 1988 to Universal Foods, but it is the same corporation.

And what Sensient Colors, Inc. is trying to do here, as the third party plaintiff, is essentially pierce its own corporate veil and say its own corporate existence is a sham and that you should impose liability on its own shareholders. The minority moving third party defendants. Or, in the instance of the directors, but the -- Mr. Richard Kohnstamm and Mr. Kenneth Kohnstamm are only sued as shareholders.

But there's no -- that argument would still apply as a matter of law that you can't pierce your own corporate veil to impose liability on directors.

Particularly here, where there is a total absence of any allegation of fraud, or intentional wrongdoing, or any action that would create a manifest injustice.

There is no allegation that Ken or Richard were involved in the ECRA submission, that is the linchpin of the whole theory of this third party complaint to justify piercing the corporate veil.

They are sued essentially in their status as shareholders, and, as Mr. Krumholz will cover, the ECRA submission doesn't justify piercing the corporate veil. It was a submission made by H. Kohnstamm & Company, which is now Sensient Colors, the third party plaintiff.

And to illustrate why this case should be dismissed now as a matter of law, you'd simply need to look at the situation in the Arky's case, where you had a situation where there was a Spill Act claim brought by the State Department of Environmental Protection against Arky's Auto Sales, Inc., and two twin brothers, Stanley and Norman Arky.

Stanley and Norman Arky happened to go buy a

piece of property in the name of the corporation in 1971, a 22 acre parcel. They shortly thereafter leased out 6 acres, which became a dumping ground for drums.

1973 there was a fire on the property and the drums started to explode and leak all over the place. The State Department of Environmental Protection then started an investigation about this activity and found out that the Arky brothers had gone in and dug a pit on the property and were burying these drums in that pit.

They sued both Arky's Auto Sales, and the Arky individual brothers. The trial court found that the corporate veil should be pierced and there should be individual liability on the two twin brothers, Stanley and Norman.

The Appellate Division reversed and said, there is no allegation and no evidence, in that case, since it was a trial, of any fraud by those individuals. And absent that, you can't go pierce the corporate veil and impose the extraordinary equitable remedy of piercing the corporate veil.

Well here, you have minority shareholders being sued in their capacity as shareholders. You simply have no allegation whatsoever of any fraud, any injustice, or any attempt by these minority shareholders, including the two directors, to treat the

corporation as a sham, or to create any fraud.

Therefore, you should dismiss the case as a matter of law for failure to state a claim. In addition, on the personal jurisdiction side, the third party plaintiff has the burden to make out a prima facie case pursuant to the Disney case. Despite having limited discovery on personal jurisdiction issues, they have not submitted any information, other than their bare-bones allegations in the third party complaint, that the moving third party defendants reside in Oregon, Montana, Minnesota, Connecticut, New York.

None of them reside in New Jersey, none of them work in New Jersey. None of them hold bank accounts in New Jersey. None of them own any real estate, or lease any real estate in New Jersey. None of them pay taxes.

There is no basis for imposing personal jurisdiction on these individuals. There is no minimum contact on these individuals that justifies that. And in fact, the ECRA submission, which is what they argue in their complaint, gives them a right to argue that there was a basis for specific jurisdiction, because there was an ECRA submission to the -- a letter submitted to New Jersey Department of Environmental Protection.

That doesn't give them jurisdiction here, because there's no evidence, and in fact the documents attached to the complaint show that the ECRA submission, the letters, were submitted on behalf of H. Kohnstamm, not on behalf of the shareholders.

Not on behalf of the moving third party defendant minority shareholders. Not on behalf of any of the directors. It was submitted on behalf of H. Kohnstamm. There's no allegation that any of the moving third party defendants had any role in the ECRA submission.

So that doesn't get you to a point where you can justify imposing personal jurisdiction over these moving third party defendants.

I'm happy to answer any questions Your Honor might have. Obviously, based on your initial comment, I think there's absolutely no basis to keep the shareholders in this case, as well.

MR. KRUMHOLZ: If I may Your Honor? I'm Mr. Krumholz, on behalf of certain of the moving third party defendants. And I'd like to focus on the ECRA aspect of this motion.

ECRA is now the Industrial Site Recovery Act, but it was adopted in 1983 as the Environmental Cleanup Responsibility Act.

It was enacted by the legislature for a variety of reasons. The main one of which was that they felt that the Government shouldn't be the only party paying for remediation of hazardous waste sites.

They felt that private parties should be responsible.

THE COURT: The only thing that letter said was, based upon the form of transaction, they had no jurisdiction. Isn't that what the letter said?

MR. KRUMHOLZ: That's basically right. There's --

THE COURT: If they had changed to another form of -- like if they were going to sell it to you, then they had to get approvals from ECRA.

MR. KRUMHOLZ: You're right, Your Honor. The basis of the submittal was to take advantage of the language in the statute which says, there's no jurisdiction where there's a corporate reorganization not substantially effecting ownership.

And the argument that the corporation made was, this is such a transaction. Before the transaction, there will be certain beneficial owners. After the transaction, essentially the same beneficial owners, even though there's been a transaction on the change in corporations.

And that kind of situation is what we think the legislature meant by a corporate reorganization. That was the basis of the filing, and DEP agrees with the filing. And they granted the letter of non-applicability.

Now the third party plaintiff alleges that that even somehow becomes translated into a waiver of the corporate veil protection. And we submit that there is no legal authority for that proposition at all. That's the essence of their case.

As Mr. Stoviak said, there's no claim of fraud, or injustice, or sham, or alter ego. None of the traditional bases for piercing the veil is present, is alleged, nor could it in good faith be alleged. The only claim for liability is this ECRA submission.

And I submit to you, Your Honor, that that's an insufficient basis for liability. There's no support in the law anywhere, nor any cited by third party plaintiffs to suggest that that's a valid cause of action.

Indeed, all the DEP did, nothing more, is to recognize the facts. Which is the beneficial owner doesn't change. In recognizing that the beneficial owner remains the same, that doesn't pierce the veil, that doesn't say the beneficial owner has liability.

ECRA is not a liability statute. And, certainly, the DEP is not a court of equity reaching conclusions about equitable matters like piercing the veil. DEP was simply reaching the conclusion that, on these facts, the transaction met the test of corporate reorganization, but it did not in any way act in derogation or abrogation of the corporate veil principles.

And since that is the only allegations and it cannot be made out as a matter of law, we submit that the claim -- the entire third party claim should fail.

THE COURT: Think ECRA's decision would have been different, had Universal bought the assets and not just the stock?

MR. KRUMHOLZ: If at the time that the assets were transferred, but the Camden facility was not among the assets. I don't think the answer would be different. I think it would be the same. Because what they were focusing on was the Camden facility. And before the transaction, it was owned by a company H. Kohnstamm, whose shareholders were generally the family members, let's say.

After the transaction, it was owned by General Color Company, whose shareholders were generally the same individuals. Whether the purchase

of the company, H. Kohnstamm, or other assets, non-Camden assets was done, formed not too important with respect to the Camden facility. That was carved out.

And I might add, Your Honor, that it was carved out at the request of the buyer, at the request of Sensient Colors, who said, we will take H. Kohnstamm without Camden. We don't want Camden. In fact, you must obtain a letter of non-applicability, or else we're not going to proceed with the transaction.

So I don't think the form -- to answer your question, the form of the transaction wouldn't matter, as long as the Camden facility had been eliminated, as it was.

THE COURT: And also there was a property in Newark that was not included?

MR. KRUMHOLZ: There was property in Newark that was owned by General Color, which, since General Color was not transferred to the Universal side, was also not transferred, that's correct.

THE COURT: Has there been any litigation involving that? Out of curiosity. I don't want it here, if there is.

MR. KRUMHOLZ: As far as I know, Your Honor, we were curious also, none. I'm not aware of any.

THE COURT: All right. Thank you.

MR. KRUMHOLZ: Thank you, Your Honor.

THE COURT: All right.

MR. BOGDONOFF: Your Honor, Mike Bogdonoff on behalf of Sensient Colors. The -- Mr. Krumholz is right that Universal did not want this company. And -- this property in Camden. This was operated by the Kohnstamm family shareholders, in essence from the period 1922 through 1988.

Or the Kohnstamm family generally, not necessarily these specific shareholders. These movants have portrayed themselves as minority shareholders. They were not the minority shareholders in this particular transaction. Those minority shareholders were treated much differently than the movants.

They were defined separately and they were effectively squeezed out of the transaction. And they didn't get the benefit of this 10 million dollar deal that ultimately rebounded to the benefit of the Kohnstamm family shareholders in the amount of 8 million dollars.

They were essentially squeezed out. None of the true minority shareholders in this case had to do the things that the movants were required to do to make this deal happen. None of the true minority

shareholders were required to sign a shareholder agreement. They were not required to sign a representation letter. They weren't required to sign affiliate letters. They weren't required to sign the reorganization agreement.

Essentially, they were given a pass and they walked out of the matter with essentially no benefit of this Universal deal. These movants, on the other hand, profited wildly on this transaction, and with the understanding that ultimately they would have to be responsible for the cleanup of the Camden property.

Now the Camden property is the subject of EPA clean-up, and the movants are nowhere to be heard from. The express understanding of Universal in the transaction, was that they were not going to take the Camden property. It was well-recognized by Universal and the Kohnstamm family shareholders, that this was an environmentally troubled property.

In fact, Abby and Peter elected not to take General Color stock, because they recognized the environmental problems.

Paul Kenneth, referred to as Kenneth by Mr. Stoviak, made marginal notes saying that the downside of this transaction is that ultimately it's going to fall on the family to be responsible for General Color.

Now the injustice that we're seeking to address here in the piercing of the veil, is essentially telling the DEP, or having representations made to the DEP for the benefit of these folks to let this transaction go through as it was. That the beneficial ownership of General Color would be the same as the Kohnstamm Company.

And, in fact, it wasn't, but they made representations that, notwithstanding the fact that they weren't -- that Kohnstamm was 100 percent shareholder interest of which they had approximately 80 percent, less than 100 percent of those shareholders were going to become the owners of General Color. And they said, recognize this for what it is. We, the Kohnstamm family shareholders, are -- or they the Kohnstamm family shareholders, are in control of this company, and that will happen -- that will be the case both before and after this transaction, when General Color gets the -- is transferred to those Kohnstamm family shareholders.

Now with respect to the personal jurisdiction on the veil piercing, the Phar-Mor case, which is cited in our papers, and the In Re Buildings by Jamie case, speak to this issue of piercing one's own veil.

Now recognizing that there are issues with

respect to the core proceedings and non-core proceedings, the controlling precedent, the Third Circuit opinion in the Phar-Mor case, does recognize that New Jersey law allows for the piercing of one's own veil and the idea here is that --

THE COURT: Kohnstamm's a New York corporation, isn't it?

MR. BOGDONOFF: That's correct, Your Honor. However, New Jersey has a far greater interest in seeing to it that its environmental sites are cleaned up. And, certainly, this Court has the authority to exercise jurisdiction and to have its law applied in the circumstance of piercing the veil.

The evidence with respect to the piercing is indeed with respect to this ECRA claim and the -- as I described, the submittal was made to the DEP by Kohnstamm Company to say, in essence, these are the same controlling interests as before, as will be in place after, to take advantage of that exemption to ECRA.

The reason they needed that exemption to ECRA, was Universal clearly didn't want the property. So that would mean that the Kohnstamm family shareholders and General Color would have to immediately initiate a cleanup, if that exemption were

to not -- to be found not to apply.

So, basically, we have the Kohnstamm family shareholders and this representation made to the DEP that says, this is the same controlling interest that both before and after the transaction, and as a result, DEP, don't worry the same people will be here after this transaction and will be responsible for the environmental cleanup.

What happened, in fact, though, is that the company limped along, and in and around 1990, the company began a series of redemptions that we only found through this limited discovery period that we've had. And this redemption process effectively had all of these family shareholder interests, had their stock redeemed, albeit four cents on the dollar, and they essentially walked out the back door, leaving this environmentally troubled site to stay with Paul Kohnstamm and General Color Company and its remaining shareholders and insufficient assets available to ultimately cleanup the property.

The personal contacts that these individuals had with the State of New Jersey are significant. Each of them, and these are all laid out in our papers. But each of them signed one or more documents that were necessary to make this transaction occur.

And, as noted, even young Adam, a minor, was required to sign these papers in order to effectuate this transaction. So the fact that these are portrayed as minority is not necessarily the case, because collectively, with the various trusts and with Paul Kohnstamm's share, they equated to approximately 81 percent of the share hold interest.

Two of these individuals were directors and they had fiduciary obligations to be involved with the company. And to say that they don't have a reasonable expectation to be hailed into Court in New Jersey, given the fact that this transaction involved, not one, but two environmentally troubled sites within the State of New Jersey, as Your Honor correctly noted.

The Newark site still exists and is the subject of EPA cleanup, although no litigation as yet. And this Camden property, this is a multi-million dollar business deal, each of them actively reviewing documents and signing documents, representations being made for their benefit to various state agencies. Environmentally troubled sites.

And for them to have a sense that they shouldn't be responsible for a New Jersey litigation, doesn't comport with the law.

Finally, with respect to the failure to state

a claim. The rules, obviously, are fairly liberal and hospitable and the relief that the movants are requesting is fairly extraordinary. We believe that the veil piercing allegations, based on the evidence as we presented in the personal jurisdiction argument, are meritorious. And we also believe that the direct liability under the Spill Act is appropriate. And particularly in light of this scheme that we've discovered with respect to cashing out, or redeeming out their ownership in General Color.

I'd be happy to respond to any questions, Your Honor.

MR. STOVIAK: Your Honor, briefly just a couple of rebuttal points. Number one, you're right, H. Kohnstamm is a New York corporation. Number two, the only thing extraordinary is the request to pierce the corporate veil against shareholders who, the issue before this Court are the minority third party -- are the moving third party defendants, who are minority shareholders.

Including Adam Kohnstamm, who was five years old in 1988, at the time of the transactions. And what is not before your court is the Estate of Paul Kohnstamm or the trust. We don't represent those trusts, we don't represent the Estate of Paul

Kohnstamm. That is not before the Court.

And you have to look, as Mr. Bogdonoff in his brief concedes, you have to look at each of these individual third party defendants on an individual basis.

And none of them held any controlling share in the company than collectively the moving third party defendants accounted for roughly 26 percent, as you've seen.

Secondly, what is before the Court, there is no allegation, even though Mr. Bogdonoff wants to make it that the Kohnstamm family shareholders dominated, or controlled H. Kohnstamm, because they can't make that allegation, because they are H. Kohnstamm.

There's no allegation that H. Kohnstamm, which is now the third party plaintiff here, was a corporate sham. There's no basis in the law that H. Kohnstamm now sends in Color, the third party plaintiff, can turn around and sue its former directors, its former minority shareholders.

It doesn't make any sense. They might be able to sue them for a breach of fiduciary duty, if they thought there was a breach, and the statute of limitations hadn't run. But they don't have that claim, they haven't alleged that claim. What is

alleged, is that they're asking this Court to invoke -- or allow them to proceed on a claim to invoke the extraordinary remedy of piercing the corporate veil, based on the status of the moving third party defendants as shareholders, and they were minority shareholders, absent any allegation of fraud.

Absent any allegation of any injustice, and absent any allegation that the corporation was treated as a sham.

Thank you.

MR. KRUMHOLZ: Just a few points in rebuttal, as well, Your Honor. I think there are a couple of misstatements. If the ECRA letter of non-applicability had not been granted, the responsibility for -- and the deal had gone through, the responsibility for the remediation would have been with Sensient.

Sensient became H. Kohnstamm, the company that operated the facility. They would have been responsible for the remediation. And that's why I made the point earlier that it was in their interest, indeed their insistence, that this facility be taken out of the transaction, so that they could avoid that responsibility.

Similarly, down the road, it was never the

responsibility of the shareholders of General Color for the remediation of the Camden facility. It was the responsibility of the company itself, General Color, for the remediation.

I think, throughout the arguments, both here and in their briefs, the third party plaintiffs confused -- conflate this idea of beneficial owners and legal owners.

If it were a simple case, which I'd like to suggest to you now, it would be more easily illustratable that this is not the case. If, for example, Mr. Bogdonoff and I were shareholders in a company, which owned a facility, and we wanted to transfer the ownership of that facility to another company that he and I owned, we would do that and we would go to DEP and we would say, this is a corporate reorganization, because the beneficial owners Mr. Bogdonoff and I, are the same before and the same after. The only thing that's changed is a blue company to a red company.

And DEP likely would say, yes, there's not an ECRA event here. That's essentially what happened here, if you strip the details away. That's essentially what happened. And on that basis, the plaintiffs are arguing, that subjects those beneficial

owners to liability. In my hypothetical, it would subject Mr. Bogdonoff and me to liability, even though, as in this case, there is no allegation of any fraud, any wrongdoing, any error in the ECRA filing, any alter ego, or similar theory that our law traditionally requires for piercing the veil.

So all DEP did was say, these are the facts, but the fact that the beneficial owners haven't changed -- haven't changed, doesn't make them in any way liable. That's the only basis on which this claim is brought. And that's why we submit to you as matter of law on the motion to dismiss, since there are no facts that could be established to prove that claim. Since the law doesn't support piercing the veil under these facts, there can be no judgment awarded at the end of the day for the third party plaintiffs. And, therefore, a motion to dismiss now would be appropriate.

MR. FELTOON: Your Honor, I didn't rise before, but since Mr. Bogdonoff mentioned my client, I'll just make a brief comment.

He mentioned that my client Abby Kohnstamm and her husband Peter, in not purchasing General Color shares recognized the environmental problems, that's a gross misstatement of the record, which he even

recognizes, Mr. Bogdonoff, in his brief at page 10.

All my clients recognize was that his client, Universal Foods, had said they believed there were environmental concerns. Both Abby and Peter Kohnstamm, and all of the other moving third party defendants, have put in sworn certifications saying they, all of them, had no personal knowledge of any environmental issues at the site.

And the only thing that anyone knew was that Universal believed there may. And that record, as to my client and my colleagues clients, is undisputed. Thank you, Your Honor.

MR. BOGDONOFF: Your Honor, if I may? If I misstated the record with respect to Abby and Peter Kohnstamm, I stand corrected and did not want to mislead the Court.

The -- in fact, the affidavits do say that they recognized that Universal had no interest in this because of the environmental issues. And ultimately, they elected not to take the stock. And I think that's a fair characterization of what it was that was done.

In contrast to what Mr. Stoviak said, there are allegations, Your Honor, in the third party complaint with respect to misuse of the corporate form. At paragraph 37, the allegation reads:

"The above referenced representations and actions of third party defendants evidence a level of control over H. Kohnstamm & Company, Inc. and General Color Company, such that these corporations were mere instrumentalities, or alter egos of the Kohnstamm family shareholders, third party defendants."

And at paragraph 38, Your Honor, the allegation is that the third party defendants abused the corporate form to further their personal interests. So there are allegations of record that directly address the points that Mr. Stoviak made.

With respect to the --

THE COURT: Where's the proof?

MR. BOGDONOFF: Well, Your Honor, the -- as a matter of pleading, the pleadings are sufficient with respect --

THE COURT: I can charge the Bishop of Boston with bothering my child. But, you know, I have to prove it.

MR. BOGDONOFF: Well, ultimately it will be our burden to prove those things, Your Honor. And that's what discovery and trials are all about.

However, Your Honor, with respect to a motion to dismiss, the standard is, does it fairly apprise our

adversaries of the nature of the claims to be brought against them. In essence, it's a -- we've alleged all the allegations that I've described with respect to the ECRA submittals. These are based on the ECRA submittals and it's the same -- of interest that these parties asked be recognized.

In other words, that there was Kohnstamm, General Color and the Kohnstamm family shareholders and they were essentially the same, or substantial continuation of that former entity.

The -- all of the movants submit that the Kaufman affidavit that was submitted to ECRA was factually correct, so there's no dispute as to that. So that is evidence, Your Honor, of this level of control as we've alleged in the third party complaint.

With respect to what Mr. Krumholz said about what the outcome might be if the ECRA non-applicability application were denied, there would have been no transaction, it would not have fallen to Universal. Universal had no intention of buying this property. And, in fact, there was a condition precedent of the deal that ECRA non-applicability be determined, and if not, then there would have been no acquisition.

Thank you, Your Honor.

MR. STOVIAK: Your Honor, just a quick rejoinder. Those allegations are simply incantations of conclusory things. My point is, there are no facts alleged in the complaint that justifies a claim of fraud, treating the corporation as a sham, or alter ego, other than their claim about the ECRA filing, which we've addressed on its face.

And based on the documents attached to the complaint, doesn't justify invoking the extraordinary remedy of piercing the corporate veil.

They do have an obligation to be able to allege facts, if, in fact, they could prove that would justify a claim as a matter of law. And they haven't done that here. They've just simply recited the conclusions.

THE COURT: They recited the case law.

MR. FELTOON: Pardon me?

THE COURT: They recited the case law. Those things which must be proven in order to pierce the corporate veil. Such as, was a mere instrumentality, or alter ego of the shareholders, or the shareholders abused the corporate form to perpetuate a fraud, or otherwise circumvent the law.

That proof must be by clear and convincing evidence, by the way. And based upon the facts, as if

have, in these briefs and in your arguments, I will dismiss those complaints, that part of the complaints where the corporate veil is sought to be pierced, because I see no facts alleged which would support a claim that the corporation was a mere instrumentality or alter ego of the shareholders.

At most, you had two of them, Richard and Kenneth, who were directors of the corporations. They were in a position as directors to do something. I don't know what they did or didn't do. But as far as minority shareholders, there's no proof of the mere instrumentality or alter ego of the shareholders when the corporation did what it did, or didn't do what it should have done.

And also there are no facts before the Court which would show that the shareholders abused the corporate form to perpetuate -- or perpetrate, I'm sorry, a fraud, or otherwise to circumvent the law.

And as I stated earlier, those proofs would have to be by clear and convincing evidence. So the corporate veil is not pierced. As far as dismissing as to the individual shareholders, I find this Court has no jurisdiction of those shareholders.

I think, one, on the affidavits I've read only one individual stated that he had ever been to New

Jersey. And I think he came to Camden New Jersey on one occasion. For what reason, I forget. But one of the -- and he's probably -- it's either Richard or Kenneth did come to New Jersey. I don't know which one it was. But they did come to New Jersey. And for what reason, I even forget that. But the -- as far as the individual minority shareholders are concerned, I will grant your motions, there being no personal jurisdiction, no minimum contacts, no contacts, outside of other than the one individual, and I forget which one that was.

But still and all there's insufficient contacts with the State of New Jersey to give New Jersey a jurisdiction over that individual.

And I think that's it, isn't it?

MR. STOVIAK: Yes, Your Honor. Thank you.

THE COURT: Are you going to bring the action in New York to pierce the veil?

MR. BOGDONOFF: Excuse me, Your Honor?

THE COURT: Are you going to bring the action in New York to pierce the veil?

MR. BOGDONOFF: We'll be looking into all of our recourse Your Honor.

THE COURT: This was before Fratto, Judge Fratto, and he sent this back to New York, didn't he?

MR. BOGDONOFF: That was a different matter, Your Honor.
THE COURT: Another one?
MR. BOGDONOFF: Yeah. And I --
COUNSEL: The insurance case that he sent back to New York.
MR. BOGDONOFF: I think that was just made subject of appeal on Tuesday, Your Honor.
THE COURT: I guess this one will be, too. That's all right.
MR. STOVIAK: Thank you, Your Honor.
MR. BOGDONOFF: Thank you, Your Honor.
(Case adjourned)
* * * * *

CERTIFICATION

I, Josette M. Jones, the assigned transcriber, do hereby certify that the foregoing transcript of proceedings on tape number 1, February 3, 2006, index number from 1999 to 4956, is prepared in full compliance with the current Transcript Format for Judicial Proceedings and is a true and accurate compressed transcript of the proceedings as recorded.

Signature: Josette M Jones

JOSETTE M. JONES
AOC #457

DIANA DOMAN TRANSCRIBING

Date: 02/24/06

MR. RICHARD L. KOHNSTAMM
11476 S.W. River Road
Portland, Oregon 97219

MR. PAUL L. KOHNSTAMM
P. O. Box 378, R.R. 1
Lower Shad Road
Pound Ridge, New York 10576

BANK OF NEW YORK
Personal Trust Department
Fourth Floor
New York, New York 10286
ATTN: Ms. Kathryn Higgins

MRS. ELIZABETH K. OGDEN
Winfield Avenue
Harrison, New York 10528

February 15, 1991

General Color Company
24 Avenue B
Newark, New Jersey 07114

Re: Express approval of redemption by General Color Company of certain of its issued and outstanding shares of common stock

Gentlemen:

Please be advised that we are the Trustees of the undersigned Trust ("Trust") which is the record or beneficial owner of 6,222.3 shares of the common stock of General Color Company. We hereby expressly authorize General Color Company to redeem the common stock of General Color Company held by those shareholders listed on Schedule A attached hereto. We hereby expressly waive any right to have General Color Company redeem shares of common stock of General Color held by the Trust. We hereby expressly acknowledge that if we were to insist that these 20,126.7 shares of common stock of General Color be redeemed, that the redemption of the shares of common stock of those shareholders listed on Schedule A would not occur by virtue of General Color Company having insufficient funding therefor. Our authority for the redemptions of the common stock of the shareholders listed on Schedule A and our waiver of our right to have the Trust's shares of common stock of General Color Company redeemed are expressly given with full knowledge that the price per share for which the shares of common stock held by those shareholders listed on Schedule A shall be $30.00.

In consideration of $1.00 and other good and valuable consideration receipt of which by the Trust from General Color Company is hereby acknowledged, we hereby agree to execute any

documents or papers necessary to effectuate the redemption of the shares of common stock of General Color owned or beneficially held for the benefit of those shareholders listed on Schedule A.

Very truly yours,

Trust u/w Lothair S. Kohnstamm f/b/o Paul L. Kohnstamm ("Trust")

_____
Paul L. Kohnstamm, Trustee

_____
Richard L. Kohnstamm, Trustee

_____
Elizabeth K. Ogden, Trustee

_____
Bank of New York, Trustee

by: _____
(print name)

Record Owner	Number of Shares of General Color Company Held
Mary L. Kohnstamm	2145
Elizabeth K. Ogden	35
Richard L. Ogden	17.5
Tom Ogden	17.5
~~Paul L. Kohnstamm~~	~~28,692.5~~
~~Richard L. Kohnstamm~~	~~14,035.9~~
Trust u/w Lothair S. Kohnstamm f/b/o Elizabeth K. Ogden	4570.2
~~Trust u/w Lothair S. Kohnstamm f/b/o Paul L. Kohnstamm~~	~~6222.3~~
~~Trust u/w Lothair S. Kohnstamm f/b/o Richard L. Kohnstamm~~	~~6090.8~~

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February 4, 1991

Mr. Richard L. Kohnstamm
11476 S.W. Riverwood Road
Portland, Oregon 97219

Mr. Paul L. Kohnstamm
P.O. Box 378, R.R. 1
Lower Shad Road
Pound Ridge, New York 10576

U.S. Trust Company
114 West 47th Street
New York, New York 10036
ATTN: E. Bruce Storm

Re: Redemption of shares of common stock of General Color Company owned by Trust u/w Lothair S. Kohnstamm f/b/o Elizabeth K. Ogden ("Trust")

Dear Trustee:

Enclosed please find the original and two copies of a Stock Redemption Agreement pursuant to which General Color Company has agreed to redeem the 4570.2 shares of common stock of General Color Company owned by the Trust.

In lieu of the closing referenced in paragraph 4.(b) of the Stock Redemption Agreement, upon my receipt of the following listed items, I will arrange for General Color Company to forward to you the Payment in the amount of $13,710.60 together with a fully executed copy of the enclosed Stock Redemption Agreement and an executed Subordinated Promissory Note for the balance of the purchase price for which the Trust's common stock of General Color Company is being redeemed.

1. The original and one copy of the Stock Redemption Agreement signed by you and witnessed on page 5;

2. A stock power or stock powers endorsed representing 4570.2 shares of common stock of General Color Company;

3. An executed copy of the enclosed Entity Attribution Waiver Agreement; and

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4. The original stock certificate representing 4570.2 shares of common stock of General Color Company (to be forwarded by actual holder).

Please note that you MUST file the Entity Attribution Waiver Agreement with the Trust's 1991 Federal Income Tax Return. You should confirm with the Trust's accountant the adequacy of this Agreement prior to filing the Trust's 1991 income tax return to ensure that the form is adequate to protect the Trust from possible adverse tax consequences. Please note that I have relied on the accountants of General Color Company, Richard A. Eisner & Company, that the enclosed form is adequate to protect the Trust from adverse tax consequences assuming compliance with the terms thereof and assuming that the Trust does not acquire common stock of General Color Company within 10 years from March 1, 1991 other than by bequest or inheritance. Again, you may want to confirm this with the Trust's accountant. If you have any questions of Richard A. Eisner & Company, you may contact Leslie Danish at 1-212-891-4014.

I have also enclosed for your signature a letter constituting your waiver on behalf of the Trust u/w Lothair S. Kohnstamm f/b/o Richard L. Kohnstamm of any right to have General Color Company shares held by that Trust redeemed. Please return two signed copies of this letter in the enclosed envelope.

If you have any questions whatsoever, before mailing anything or signing anything, please contact me to avoid any confusion or mistakes. This transaction will be accomplished most simply by your having a clear understanding of what is expected of you in order to consummate this transaction. I have enclosed a stamped, self-addressed envelope to facilitate your return of the required documents. I have enclosed two stock powers "just in case." Thank you for your anticipated cooperation. Best regards.

Very truly yours,

Charles J. Piven

CJP/bjr

cc: General Color Company
Elizabeth K. Ogden

OK 00067